DOCUMENT RESUME

ED 207 388 HE 014 213

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TITLE	Study of Student Housing Needs and Availability in Public Institutions of Higher Education.
INSTITUTION	Washington State Council for Postsecondary Education, Olympia.
REPORT NO	CPE-81-13
PUB DATE	Apr 81
NOTE	59p.
AVAILABLE FROM	State of Washington, Council for Postsecondary Education, 908 E. 5th Avenue, Olympia, WA 98504.
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Access to Education; *College Housing; College Students; Comparative Analysis; Educational Finance; *Financial Policy; Higher Education; Public Policy; School Surveys; *State Aid; *State Universities; *Statewide Planning; Statistical Data; Student Attitudes; Student Costs; Student Financial Aid
IDENTIFIERS	*Washington

ABSTRACT

Institutionally owned and/or operated student housing at six public four-year universities and colleges in the State of Washington was surveyed, and recommendations regarding statewide policy were offered. Findings include the following: student housing at state four-year institutions are to be revenue-financed from rent and other user-derived income; student housing costs that may impair an individual student's access to higher education is best subsidized through additional funding of student financial aid; an alternative type of state subsidy of student housing costs is full state funding of the resident student activities and advisory services portion of the student services formula; new institutional housing bond issues backed by state general obligation coverage could realize a significant savings in interest costs; and the basic policy of the state is that student housing is primarily a matter for individual institutional governance. Recommendations include the following: additional funding for financial aid can best help students whose access to higher education is impaired by highly inflated housing costs; the feasibility and potential financial savings from extending the use of state general obligation tax coverage to new and existing institutional housing and food service revenue bonds should be further studied; and the state should be further studied; and the state should not provide direct subsidy to institutions in order to fund construction of new housing facilities or through the student services formula for institutional housing administration. The appended study report, which was produced under contract by MIRA, Inc., includes information concerning current and future supply and projected demand for student housing. Additionally, a letter from the Washington Association of University Students criticizing the study is appended. (SW)

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Council for Postsecondary Education
State of Washington

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HE 019 213

REPORT No. 81-13

STUDY OF STUDENT HOUSING NEEDS AND AVAILABILITY IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION

APRIL, 1981

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STATE OF WASHINGTON
COUNCIL FOR POSTSECONDARY EDUCATION

STUDY OF STUDENT HOUSING NEEDS AND AVAILABILITY IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION

APRIL, 1981

PREPARED BY:
TOM JONS

Executive Summary

The House Higher Education Committee in 1980 directed the Council to conduct a study of institutionally owned and/or operated student housing. The Council contracted with MIRA, Incorporated, of Minneapolis, Minnesota to conduct the study under staff supervision. The consultant's final report was delivered to the Council in mid-January. A discussion draft was presented during the February Council meeting, with action on the final report scheduled for the April Council meeting.

The findings of the consultant, briefly stated, are:

1. Student housing at Washington's four-year institutions are to be revenue-financed from rent and other user-derived income;

2. Student housing costs that may impair an individual student's access to higher education is best "subsidized" through additional funding of student financial aid;

3. An alternative type of "state subsidy" of student housing costs is full state funding of the Resident Student Activities and Advisory Services portion of the Student Services formula if, and only if, institutions can ensure the funds will be used for housing operations;

4. New institutional housing bond issues backed by state general obligation coverage could realize a significant savings in interest costs; and

5. The basic policy of the state is that student housing is primarily a matter for individual institutional governance.

The recommendations passed by the Council are briefly listed below:

1. Additional funding for financial aid can best help students whose access to higher education is impaired by highly inflated housing costs;

2. The feasibility and potential financial savings from extending the use of state general obligation tax coverage to new and existing institutional housing-food service revenue bonds should be further studied; and

3. The state should not provide direct subsidy to institutions in order to fund construction of new housing facilities or through the student services formula for institutional housing administration.

TABL OF CONTENTS

	PAGE
Executive Summary	i
Student Housing Study Staff Report	1
Consultant's Findings/Observations	5
Consultant's Recommendations	6
Staff Recommendations	13
Appendices	
Appendix A - Consultant's Report	A-1
Appendix B - Formal Comments	B-1

Student Housing Study Staff Report

During the 1980 Legislative Session, the Washington House Higher Education Committee directed the Council for Postsecondary Education to conduct a study of institutionally owned and/or operated student housing and make recommendations as to what, if any, statewide policy should exist. It was further recommended that the study include an analysis of current and future supply and projected demand and also include an analysis of current and alternate funding methods.

Due to Council staff workload requirements, it became necessary to contract services for this study. In mid-August, letters were sent to a number of individuals and firms to determine interest in submitting a proposal for the study of student housing at Washington's four-year public institutions. Subsequently, a Request for Proposal (RFP) was developed which outlined a requirement to assess current and potential student housing supply, demand, and alternative funding methods and to make recommendations on whether a statewide policy should be developed. To allow ample time for a thorough and indepth study, a completion date of not later than January 20, 1981 was deemed necessary. In mid-September, the RFP was sent to potential contractors. Proposals were submitted and a contractor was selected during the first week in October. The awarding of the contract was delayed due to concerns raised by an unsuccessful bidder which required several weeks to resolve.

On October 22, 1980, MIRA, Incorporated of Minneapolis, Minnesota was awarded the contract to conduct the housing study. Dr. Thomas R. Mason was the principal investigator for this project. From October 27 to 31, Dr. Mason initiated data collection through contact interviews with state,

community, and institutional officials. Dr. Mason met with members of the Council staff to review the history of financing student housing in Washington. Other factors, both current and anticipated, which could affect future student enrollments and housing demand were also discussed.

Dr. Mason met with personnel of the Forecasting and Support Division of the Office of Financial Management in order to obtain the most recent enrollment forecasts. Through the Council, Dr. Mason also obtained early release of 1980 census data, specifically the 1980 final population and housing unit counts for Washington.

On October 29, Dr. Mason met with the Interinstitutional Housing Officers of the four-year schools in Spokane. At that meeting, Dr. Mason received information from each of the institution's housing directors concerning the current housing patterns at their respective institutions. It was noted that a wide range of variance existed among each of the six institutions depending on the housing resources in the local community and past patterns of providing on-campus student housing.

In Dr. Mason's proposal, he indicated that it would be desirable to visit each campus in order to personally view the housing situation. During his first visit to the state, he visited the University of Washington and The Evergreen State College. He was able to meet not only with housing officers and administrators, but also with student organizations concerned with housing.

During his second visit to the area in mid-November, Dr. Mason was able to visit the remaining four campuses. He again met with both housing officials and other institutional administrators, as well as student representatives.

In as many cases as possible, Dr. Mason contacted city planners in order to discuss the general housing situation of the community, in particular, the area around the institution. He also attended a Board of Trustees Meeting at Eastern Washington University which was called for the specific purpose of discussing student housing.

In late December, Dr. Mason distributed a preliminary draft of the report to the Council staff, institutional housing officers, and representatives of the Washington Association of University Students (WAUS). Initial comments were to be submitted by January 1, 1981 in order to be included in the final draft. On January 7, Dr. Mason delivered the final draft to the Council office. On January 8 and 9, Dr. Mason, along with members of the Council staff, discussed the draft with the institutional housing officers and University of Washington students. Dr. Mason requested that any other comments for the final report be received by him before January 16. The final report was received at the Council office on January 20, and is attached as Appendix A.

After reviewing the consultant's report, the staff prepared a brief analysis commenting on the consultant's recommendations. The staff analysis and the consultant's report were disseminated to institutions and other interested parties requesting formal comments on the consultant's findings and recommendations. The responses received are attached as Appendix B.

The February meeting of the Council served as a forum for a public hearing on the subject of student housing, particularly with regard to the report submitted by the consultant. Testimony received from the Washington Association of University Students reiterated what was said in

their written response. Their testimony urged consideration of direct state subsidies to institutional student housing.

In discussing the issue of direct subsidies to student housing, the members of the Committee on Finance discussed what trade-offs would have to be made in order to provide additional funding for student housing. In the context of the current fiscal problems, the Committee indicated that any trade-offs to provide additional funding might affect instructional quality. The staff was directed to further analyze the consultant's report and prepare recommendations for consideration by the Council at its April meeting.

In the final report, the consultant stated that student housing at Washington's six public four-year institutions is represented by six distinctly different and essentially unique patterns of institutional housing policy in six widely different communities. However, there are common factors in the student housing patterns among the six institutions. These common factors, as stated by the consultant, are: (1) The burden of inflation in operating costs and rising rental rates to students; (2) Substantial outstanding bonded indebtedness committed for the next quarter of a century, but at very low interest rates for issues prior to 1975; (3) Very high interest rates for new bond issues, with a very low chance of qualifying for the limited federal college housing loan subsidy funding; (4) Little construction of new moderate-priced rental housing in the private markets; and (5) The need to carry substantial debt service and repair and replacement reserves for institutional housing.

In exploring the alternative approaches to a state policy on student housing, the consultant observed the following:

1. Because the housing situations among the institutions are unique in each institutional community and because each institution has unique legal commitments in housing bond indentures of their governing boards, there is no clearly evident reason to change the basic policy of the State of Washington that student housing finance and management is a matter largely left to institutional governance.

2. The Washington budget formula model for its public colleges and universities, allowing for general fund support of that segment of student services concerned with the administration and counseling of residents of institutional housing, should be fully funded if the state seeks to reduce the burden of housing costs to students.

3. A logical route for the state to insure that high costs of available housing are not obstructing access of qualified lower income students to higher education at the institutions they choose is through increased funding of student financial aid, to meet higher housing costs and to offset the impact of inflation on student financial aid resources.

4. A potentially significant reduction of institutional housing costs that must be recovered through rental charges to students could be achieved through extending state general obligation coverage to institutional housing bond issues (as has been done on tuition bond issues); this would reduce the interest costs on new bond issues up to two points in the current market. If this coverage also could be extended to existing bond issues without requiring reissue at higher interest, it may be possible to reduce the amounts required for reserve debt service coverage (but not reduce repair and replacement reserves).

5. At this point, within the limited scope of this study, no clear advantage is found in the pooling of the housing finances of the six institutions. Although some equalization of housing financing costs among the institutions might be achieved, the additional overhead of administering such a pool and the legal complications involved with individual institutional bond indentures probably would offset any gains achieved in such pooling.

The consultant's observations and findings led him to the following recommendations:

1. The burden of highly inflated housing costs for students can best be dealt with by the state through additional funding for financial aid specifically aimed at helping students whose access to higher education is impaired by housing costs at a particular institutional location.

2. A more detailed study should be made by the institutions with appropriate state agencies on the feasibility and potential financial savings from extending the backup of state general obligation tax coverage to new and existing institutional housing-food service revenue bonds.

3. If the state would fully fund the budget formula for Program 6 - Student Services, Group 7 - Resident Students Activities and Advisory Services, and if the institutions would budget these resources to their housing finance, this is an alternative existing way to reduce the rental charges to students for institutional housing.

After careful review of consultant's recommendations, the Council fully endorses Recommendations #1 and #2. However, the Council does not endorse Recommendation #3.

With regard to Recommendation #1, the Council believes that financial aid is currently the best mechanism available to help students with the funding of a college education. The purpose of financial aid is not to provide funds for all students, but rather to provide financial assistance to students who under normal conditions would not have the opportunity to attend a college or university because of lack of funds. However, the competition for the dollars which support financial aid programs is becoming greater. With inflation rising at double-digit rates, recent funding of financial aid programs has not kept pace. However, it is the practice of the financial aid officers at the various institutions to provide support to the most needy

students first and, if funds are available, expand the students served to include students with lesser amounts of financial need. Financial aid was not established to fully fund a student's education. It was created to provide financial assistance to students, which financial aid officers have interpreted to mean to provide financial assistance to as many students within their defined limits of need as possible. As such, it is a viable mechanism to assist with increased student costs.

The [MIRA consultant and the] Council [staff] believes that differences in housing costs for students among the institutions can best be dealt with by recognizing that differential housing costs can be reflected in student aid awards rather than pooling the financing of the six institutions with the objective of equalizing housing costs. In this way, institutions located in areas of expensive off-campus and on-campus housing will be able to better reflect these costs in their student aid allocations.

Concerning the financial aid question, the consultant stated: "Given recent trends in the U.S. and in the State of Washington, the public policy is to subsidize the individual student through financial aid and through higher education loan programs. This has been preferred over subsidy of specific kinds of institutional costs. Increased funding of student financial aid may have a better chance of being adopted by the Legislature. The general economic philosophy that has been prevailing in the pricing of public services is that the price should validly reflect true costs and that any subsidy should go to the user on the basis of financial need or future increased capacity to repay loans." The Council endorses this concept.

Recommendation #2 states that the institutions along with appropriate state agencies should investigate the feasibility of potential financial savings associated with the use of general obligation bonds when constructing or remodeling existing institutional housing. Some real advantages are likely to be gained by extending the state's general obligation tax coverage to include housing revenue bonds. This could mean as much as two points better interest rates as experienced in the bond market. This concept could also relate to existing bond issues in that the mandatory resources for debt service coverage and for repair and replacement could be considerably reduced. The anticipated combined effect could be some reduction in rental charges to students. This concept does involve some complex and legal fiscal issues beyond the scope of the consultant's analysis. There is, however, enough evidence present to indicate that this is a valid concept and should be jointly reviewed by the institutions and appropriate state agencies with an objective of making such a funding resource available.

The Washington Association of University Students contends that the recommendations for extending the state's general obligation tax coverage to include housing revenue bonds could prove to be irrelevant. The students state that: "...The University of Washington's proposed West Campus student apartments would be at three percent interest rates, well below rates probable under this third recommendation." However, the funds secured from the federal loan program will cover only half of the costs associated with the West Campus apartments. The University of Washington must obtain funds through some other source in order to complete the full project. Institutional representatives have indicated a definite interest in using general obligation bonds to cover the difference.

If the suggested review proves favorable, the Council urges the introduction of legislation in 1982 which would allow for the state general obligation tax coverage to be extended to include housing revenue bonds.

With regard to Recommendation #3 and the use of the institutional housing services activity, the Council stated in its Review and Recommendations: 1981-83 Operating and Capital Budget Request for Washington Public Higher Education, Report #81-7. December, 1980: "The State of Washington has traditionally provided a wide range of state-supported student activities. Two alternatives encompassed by this program are often considered part of the auxiliary enterprises and in such cases are expected to be self-sustaining from charges to users or from special student fees. These are institutional housing services and student health services. Institutional housing services exist to provide management and supervisory services for dormitories and other institutional housing. This service is normally part of the housing and food service operation and supported from room and board charges to users. As such, it is categorized as a self-sustaining auxiliary enterprise in the Higher Education Finance Manual.* It is possible to adjust this student service formula to suspend state support of this user service."

In response to that recommendation, the Council of Presidents' Chairman, Daniel J. Evans, in a letter to Governor Spellman's transition team stated: "Housing administration is not funded from state funds. Therefore, the suggested savings are not possible. The CPE report suggestion that state support for housing administration and health service be eliminated is, in fact, a recommendation to eliminate specific dollar amounts listed in the student services

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* Data Providers' Guide, National Center for Higher Education Management, 1980.

formula. The impact of this recommendation would be a budget cut to admissions, registrar, financial aid administration, counseling, etc. Reduction of this magnitude would cause major disruptions in all basic student services."

While acknowledging the original intent of the housing component of the Student Services formula, institutional representatives estimate that the appropriated funds actually have been of "necessity" to other Student Services activities.

In light of the current institutional policy concerning housing administration, full funding of this formula component would not provide any guarantee that the allocations would relieve any of the costs associated with student housing. In addition, no benefits would accrue to students using off-campus housing under this approach. Because of this and the prevailing opinion that all aspects of resident halls should be self-sufficient, the Council cannot endorse Recommendation #3.

The two institutions which data indicate have and will continue to have student housing problems are the University of Washington and The Evergreen State College. Concerning their problems, the administration of the University of Washington submitted the following position statement for inclusion in the report:

> "At the University of Washington, we feel that the private market should continue to be the principal source of student housing. This is based primarily on two factors: First, the University enrolls a high proportion of upper division and graduate students. We project an increase in the proportion of these students over the next decade. It has been our experience that these groups do not represent the primary market for on-campus housing, and generally prefer to live in the community. Second, the University's location in a large, urban area renders on-campus student housing demand subject to prevailing, private-market conditions as well as shifts in student preferences. A down-turn in private market rental rates relative

to on-campus rental rates, an increase in availability of private market housing, or a strong shift of student preference away from on-campus housing facilities would hinder the University's ability to meet its existing financial obligations, at the same time maintaining the existing level of services in student housing. To shift to a policy of making the University the primary provider of student housing would definitely exacerbate the situation by increasing our financial obligations and making the institution further subject to private market and student preference shifts.

It is our position that the institution should provide the amount of housing that students will demand on a long-term basis at rates that are at or below private market rental rates, within the financing structure set by state-wide policy. At the present time, it is implicit, if not explicit, state policy that student housing be run on a self-sustaining basis, with the exception of student fee support at several of the other institutions. Although the University does plan some additional student housing construction, we are nearing the limit of our financial capabilities to provide additional student housing on a self-sustaining basis at or below market rates."

Administrators at The Evergreen State College are exploring methods by which they might increase available resident hall space. The method currently being reviewed is a lease option approach. This approach allows for construction of housing units by private developers usually on campus land. The institution then leases the housing units from the private developer for a fairly reasonable rate, since the land is already owned by the institution. Usually after some period of time, on the average twenty-five to thirty years, the developer turns the housing units over to the institution. This type of leasing approach is currently being used at Western Washington University which leases 44 units from a private developer. This contract, however, will be terminated in June of this year for reasons noted below. Evergreen is currently in the process of filing an environmental impact statement for the building site. They are also purposefully delaying the start of the project until the enrollment

for the next biennium can be established by the Legislature. If the Legislature does not continue to provide for enrollment growth at Evergreen, the institution may delay the construction of the proposed housing.

One problem with the lease option approach is that summer vacancy rates have a tendency to discourage institutional involvement in the private development of housing committed only for students. This is one of the main reasons why Western has decided to not renew its lease contract since the developer was being subsidized for empty apartments.

Future enrollment patterns have a direct bearing on the issue of student housing. The current fiscal situation in the state has led the Office of Financial Management to reduce each of the institutions enrollment planning figures by approximately three percent. No one is certain how long the state's fiscal crisis will last, but estimates are that it may not be fully resolved for two or three biennia and enrollment constraints may be required. Any forced limitation on enrollment would have a positive effect on tight housing supplies. This limitation, along with the anticipated changes in demographics and completion of student housing projects already initiated, could lead to a significant attenuation of the current housing problem experienced by students.

In conclusion, it is evident that student housing is a matter for individual institutional governance since no two institutional situations are alike. Institutions which choose to increase their on-campus housing should have as many financing avenues open to them as possible. Providing direct capital subsidies to institutions for construction of student housing does not appear to be viable. The use of general obligation bonding appears to be more in line with current and past state policy. Also, in order to

provide equity to students within and among institutions, the housing component of the financial aid package should reflect actual housing costs appropriate to institutionally established and/or recognized budgetary standards.

The Council, therefore, makes the following recommendations for state policy regarding student housing policy for public higher education institutions:

1. The burden of increased housing costs for students can best be dealt with by the state through additional funding for financial aid specifically aimed at helping students whose access to higher education is impaired by housing costs at a particular institutional location.

2. A more detailed study should be made by the institutions with appropriate state agencies on the feasibility and potential financial savings from extending the backup of state general obligation tax coverage to new and existing institutional housing-food service revenue bonds.

3. The state should not provide direct subsidies to institutions in order to fund construction of new housing facilities. Neither should the state provide subsidies through the student services formula for institutional housing administration. The appropriate mechanism for addressing housing costs (as with any other element of student cost) is student financial aid. The Council reiterates its continuing support for adequate student aid allocations.

APPENDIX A

Study of Student Housing in the Public Four-Year Universities and Colleges

by

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FINAL REPORT
Student Housing Study
State of Washington
January 20, 1981

Council for Postsecondary Education
STUDY OF STUDENT HOUSING
in the
Public Four-Year Universities and College
State of Washington

INTRODUCTION

This Study of Student Housing at the Public Four-year Universities and College of the State of Washington was made by Dr. Thomas R. Mason of MIRA Incorporated under contract with the Council for Postsecondary Education. The study was funded by the Council in the fall of 1980 in response to a resolution adopted by the Higher Education Committee of the House of Representatives. It calls for analysis of current and future supply and projected demand for student housing and of current and alternate funding methods, including state subsidization, of student housing. The resolution calls for recommendations as to what, if any, statewide policy should exist on institutional student housing.

Briefly summarized, the findings of this study are:

1. That the implied policy of the State of Washington is that student housing in the public four-year universities and college are to be revenue-financed from rent and other user-derived income (explicit definition of State policy on student housing is needed);

2. That additional State funding for student financial aid is the appropriate existing vehicle for the State to "subsidize" student housing costs that may impair an individual student's access to higher education;

3. That the full-funding by State tax resources of Program 06 Student Services, Group 7 Resident Students Activities and Advisory Services, in the State higher education budget formula is an alternative kind of "State subsidy" of student housing costs, if institutions utilize that State funding in their internal budget allocations to student services in housing operations;

4. That a significant saving in interest costs can be achieved in any new institutional housing bond issues if these are backed by State general obligation coverage, with further study of this approach by the institutions and appropriate State agencies recommended; and

5. That the basic policy of the State that student housing is primarily a matter for individual institutional governance be continued: A State student housing authority is NOT recommended.

MIRA Incorporated was selected in October, 1980, by the Council for Postsecondary Education (CPE) to carry out this study of student housing in the Washington four-year public and universities and college. Thomas R. Mason, MIRA project director, initiated the study October 27-31 with interviews in Olympia with Council staff, staff of the Forecast and Support division of the Office of Financial Management (OFM), and the Director of Housing at the Evergreen State College. This was followed by interviews in Seattle with University of Washington and City of Seattle resources. Mason then met with the Interinstitutional Housing Officers Committee. A second on-site trip was made November 19-25 to Central Washington, Ellensburg; Eastern Washington, Cheney; Washington State, Pullman; and Western Washington, Bellingham. Collection and analysis of institutional, state, census, and other data relevant to the study have been continuous since the start of the project.

In early December, the institutional housing officers and the Board of Directors of the Washington Association of University Students (WAUS) were asked to respond to a memorandum posing the basic study issues and possible alternative State funding approaches. A first preliminary draft of this report was mailed to the study participants on December 19. Institutional and student position statements were invited on the issues posed in the study. A Review Draft was brought to Olympia on January 7, 1981, by Dr. Mason and revised in consultation with the staff of the Council for Postsecondary Education. On January 8, Mason met with the Interinstitutional Housing Officers Committee for further review and revision. On January 9, the Executive Director of the Washington Association of University Students and members of the Associated Students of the University of Washington reviewed the draft.

The quantitative values and estimates are from data in State of Washington, institutional, or Bureau of the Census reports. The detailed housing census data for 1980 are not yet available, except preliminary Bureau of Census 1980 counts of total housing units by county or incorporated area (Table 2). Valid quantitative data about private housing resources are very limited and are used only by the consultant for interpretation of the local housing situation in each campus community gained in interviews. For maximum comparability, the analysis of housing finance is based on the audited financial statements for institutional housing for the fiscal year, 1978-79. These are CPA external audits except at Evergreen and Central Washington where internal institutional financial statements were supplied.

This final report is delivered to the Council for Postsecondary Education on January 20, 1981, for consideration by the Council at its meeting February 4-5, 1981.

THE ISSUES FOR STUDY

The resolution passed by the House Higher Education Committee of the State of Washington in 1980 poses the following questions for this study:

> — What, if any, State policy should exist in regard to housing for students?
>
> — What alternative funding methods for student housing are indicated, including State subsidization?

The Council for Postsecondary Education in defining the study adds that "Both institutional and private housing opportunities need to be considered."

The resolution calling for this study states that:

> Adequate housing for students is an important factor in providing educational opportunities to the citizens of the state.... Campus housing policy and funding decisions have traditionally been determined by the respective universities and college and therefore no statewide student housing policy exists....

The implied state policy is that student housing and food services provided by the institutions are to be revenue-financed from rental and board charges to students. The issues raised in the resolution calling for this study suggest that this implied State policy is due for explicit definition reflecting the findings of this study while continuing to allow for student housing to be a matter for individual institutional governance.

The governing boards of Central, Eastern, and Western Washington universities have committed a portion of the student activity fee (ranging from $63 to $85.50 per academic year per full-fee student) for housing bond retirement committed as part of their housing bond indentures. In a sense, all students at those institutions subsidize students living in institutional housing. Washington State University has indentured an annual payment of $305,000 from its general institutional funds toward housing bond debt service coverage. W.S.U. also has provided support for resident advisors from general student services rather than housing budgets.

Student housing provided by the institution has an educational purpose that transcends the landlord role. This is recognized in the State higher education budget formula in Program 06 Student Services, Group 7 Resident Students Activities and Advisory Services:

> This group includes all costs associated with the supervision of general institutional housing, the planning of activities related primarily students living on campus in institutional housing and the counseling services provided within such institutional housing. (Council for Postsecondary Education, The Formula Manual, Report No. 81-1, July 1980, p. 100.)

Institution budgets vary in the extent student services within institutional

housing are directly or indirectly "subsidized" by general institutional funds rather than housing revenues. For the most part, these services in institutional budgeting are fully funded by housing revenues. The Council of Presidents of the Washington institutions, in response to the review by the staff of the Council on Postsecondary Education of 1981-83 budget requests, sent the following statement to the Budget Transition Team (Letter from Daniel J. Evans, Chairman, Council of Presidents, to Walt Howe, Director, Budget Transition Team, Office of Financial Management, December 19, 1980, p. 3):

> Housing administration is not funded from state funds. Therefore, the suggested savings are not possible. The CPE report suggestions that state support for housing administration and health services be eliminated is, in fact, a recommendation to eliminate specific dollar amounts from the student services formula. The net impact of this recommendation would be a budget cut to admissions, registrar, financial aid administration, counseling, etc. Reductions of this magnitude would cause major disruptions in all basic student services.

The expectation that student housing and other auxiliary enterprises will be mainly revenue-financed is affirmed in the budget model for plant operation and maintenance (Program 09), where plant operations, maintenance, and utility costs are expected to be recharged to housing and food service budgets. Institutions vary in the degree to which they recharge an assessment for general institutional administration service costs (e.g., accounting, personnel office, central administration) to housing and food services budgets. (In 1978-79 Evergreen added $10,983 for college general Administration expense to the calculation of its debt service coverage. Other financial reports apparently carry such costs in housing administrative expense items.)

Indirectly, through Federal-State student financial aid and loan funding, the State does assist those students who qualify to pay their housing costs, a variable in the evaluation of need. This assumes that institutional housing costs are to be revenue-financed by rental charges, and the subsidy is to the individual student rather than to institutional housing costs.

The underlying question implied in the resolution of the House Higher Education Committee is whether the costs of student housing have become so burdensome that they are seriously impairing the access of some students to higher education opportunities.

The current and future supply and projected demands for student housing at the six four-year public institutions are the initial focus of this study report. Current and potential alternative funding methods for student housing then are selected for analysis and evaluation.

SUMMARY OF STUDY FINDINGS

Student housing at the six public four-year universities and college of the State of Washington represents six distinctly different and essentially unique patterns of institutional housing policy and six widely different communities in which the campuses are located:

The Evergreen State College in Olympia is a small liberal arts college in a new plant located some distance from the capital city urban core in a nearly rural setting. Central Washington in Ellensburg has had a surplus of institutional housing, dominant in a small town serving a low-density population area in the center of the State. Eastern Washington University is suburban to Spokane, with a substantial commuter enrollment from the urban area and a growing satellite program in downtown Spokane. Washington State University in Pullman overwhelmingly is the dominant single-industry in a small college town, far from substantial urban density. Western Washington University in Bellingham is a more evenly balanced mix between institutional and private housing in a moderate-size urban center. The University of Washington in the heart of Seattle is a large institution in a major metropolitan center that in the past has depended very heavily on noninstitutional housing resources for its students.

The common factors among the six institutional student housing patterns include the following:

1. The burden of inflation in operating costs and rising rental rates to students;
2. Substantial outstanding bonded indebtedness committed for the next quarter century, but at very low interest rates for issues prior to 1975;
3. Very high interest rates for new bond issues, with a very low chance of qualifying for the limited federal college housing loan subsidy funding;
4. Little construction of new moderate-priced rental housing in the private market;
5. The need to carry substantial debt service and repair and replacement reserves for institutional housing.

In 1980, a very tight housing situation exists at the University of Washington. Moderate pressure and unmet campus housing demand is evident at Western Washington and Evergreen. Evergreen is exploring the lease-option approach for construction by private developers to increase the apartment rental resources near its campus. Western has used the lease-back to acquire housing in the past and currently is leasing 44 units from a private developer. However, summer vacancy rates discourage private development of housing committed to students.

Students at Eastern Washington and Washington State have taken issue with doubling-up of some campus housing to meet the peak overload at the opening of the fall term in 1979 and 1980. The WSU student leadership finds the local housing supply inadequate and is advocating construction of additional institutional housing from reserves for renovation and replacement. Eastern is considering building additional space for housing of conference programs

or for traditional students if existing housing is committed to conferences.

Given the enrollment forecasts to 1990 provided by the Office of Financial Management in November, however, only the University of Washington shows a clear need to construct additional housing beyond that currently planned. Evergreen will need additional student housing if it can reach its statutory enrollment targets that are higher than the OFM 10-year forecasts. The acute housing shortage in Seattle, especially in moderate rentals, has every prospect of continuing and getting worse. Prospective private housing development, especially in the University District and other adjoining neighborhoods, is likely to be high rent or condominium-financed, largely beyond the financial resources of most full-time students.

In exploring alternative approaches to state policy on student housing, the study leads to the following observations:

1. Because the housing situations among the institutions are unique in each institutional community and because each institution has unique legal commitments in housing bond indentures of their governing boards, there is no clearly evident reason to change the basic policy of the State of Washington that student housing finance and management is a matter largely left to institutional governance.

2. The Washington budget formula model for its public colleges and universities, allowing for general fund support of that segment of student services concerned with the administration and counseling of residents of institutional housing, should be fully funded if the State seeks to reduce the burden of housing costs to students.

3. A logical route for the State to insure that high costs of available housing are not obstructing access of qualified lower income students to higher education at the institution they choose is through increased funding of student financial aid, to meet higher housing costs and to offset the impact of inflation on student financial aid resources.

4. A potentially significant reduction of institutional housing costs that must be recovered through rental charges to students could be achieved through extending State general obligation coverage to institutional housing bond issues (as has been done on tuition bond issues); this would reduce the interest costs on new bond issues up to two points in the current market. If this coverage also could be extended to existing bond issues without requiring reissue at higher interest, it may be possible to reduce the amounts required for reserve debt service coverage (but not reduce repair and replacement reserves).

5. At this point, within the limited scope of this study, no clear advantage is found in the pooling of the housing finances of the six institutions. Although some equalization of housing financing costs among the institutions might be achieved, the additional overhead of administering such a pool and the legal complications involved with individual institutional bond indentures probably would offset any gains achieved in such pooling.

The findings of the consultant lead to the following recommendations:

1. The burden of highly inflated housing costs for students can best be dealt with by the State through additional funding for financial aid specifically aimed at helping students whose access to higher education is impaired by housing costs at a particular institutional location.

2. A more detailed study should be made by the institutions with appropriate State agencies on the feasibility and potential financial savings from extending the backup of State general obligation tax coverage to new and existing institutional housing-food service revenue bonds.

3. If the State would fully fund the budget formula for Program 6 Student Services, Group 7 Resident Students Activities and Advisory Services, and if the institutions would budget these resources to their housing finance, this is an alternative existing way to reduce the rental charges to students for institutional housing.

These findings emerge from the following analysis of current and projected student housing supply and demand and the financing of institutional student housing.

STUDENT HOUSING SUPPLY AND DEMAND

The current supply of institutional housing varies widely among the six four-year universities and college in Washington, reflecting differing policies and the wide differences in the characteristics of the communities in which the campuses are located.

Table 1 reflects these institutional variances in enrollment size, mix of on-campus housing types and capacities, and proportions of student housing provided by the institution. Line 1 gives the average annual headcount enrollment for 1980-81 estimated in the new ten-year forecasts by the Office of Financial Management, Forecasting and Support Division (P-254, November 1980). Line 2 shows the actual Fall 1980 headcount total enrollment reported to OFM and CPE by the institutions. Line 3 is the calculated Fall local housing demand computed as the full-time students studying in on-campus programs (detailed Table 3). The institutional housing inventories are shown in terms of single student residence halls, single student apartments, and family apartments, with the maximum design capacity, normal capacity, and actual occupancy in October of 1980. Line 7 of Table 1 is the maximum estimated student capacity of institutional housing. (At Central and Eastern, beds committed to conference housing are not included.) Line 8 is the reported number actually housed on-campus in October, 1980. Line 9 is the percentage of full-time students studying in on-campus programs (Line 3) who were actually housed in October 1980. Line 10 is the portion of that full-time on-campus program enrollment that could be accommodated at the full capacity of institutional housing (Line 7 to Line 3).

Line 10 of Table 1 shows the wide-range of proportions of the full-time students studying on-campus that can be in institutional housing. The ratios

appear higher than normally published since they are the total maximimum estimated housing capacity as a percentage of full-time, on-campus students only. From the low of 22 per cent at the University of Washington to the highs of 75 per cent at Central and 57 per cent at Washington State, the variance mainly reflects the size of the community in which the campus is housed, the extent that the institution is the principal industry in its community, and the resulting limits of local private housing supply. These community/institution variances are shown further in Table 2.

Table 2 shows the 1980 Census preliminary counts of population and housing units for the counties in which the six campuses are located. The counties and the institutions are rank-ordered by the index ratio of institutional housing capacity per 100 housing units in the county. The combination of high proportion of on-campus housing and of enrollment relative to local population place Washington State at a very high index followed by Central Washington. Despite its largest enrollment size, the University of Washington provides less than one per cent of the housing in high-density urban King County; yet its 34,000 students equals nearly three per cent of the King County population. The supply of noninstitutional housing relative to student demand is greatest in King County (Seattle), followed closely by Thurston County (Olympia) and Spokane County (Cheney). Statewide, the housing provided by the six institutions is less than three per cent of the housing units in the counties in which the campuses are located. The size and urban density of the institutional communities is the major factor historically shaping institutional housing policy.

Table 3 shows the calculation of local student housing demand, the portion of the total annual enrollment that is full-time (10 credits or more per term) studying in on-campus programs. All part-time students and those registered in off-campus programs are excluded in the calculated local student housing demand estimate. As the complement to the percent of demand -oused on-campus in Table 1, the portion of that local demand that had to be accommodated off-campus in private housing in the fall of 1980 is shown on Line 11 of Table 3.

Table 4 contains the telling issue: Given forecast student enrollments on the six campuses, what is the projected demand for student housing likely to be in the coming ten years? At this stage, the new forecasts of annual average total enrollment 1980-81 through 1989-90 by the Office of Financial Management, shown in Set 1 on Table 4, is the basis for estimating the student housing demand to 1990. These OFM forecasts, received by MIRA in early December, 1980, were attached to the December 8 memorandum from MIRA to the institutional housing officers, requesting institutional reaction.

The ten-year forecasts by the Office of Financial Management (P-254, 11/80) are demographic estimates. The age and sex actual participation rates in 1979-80 and the actual fall 1980 were used to estimate the 1980-81 average annual enrollment participation rates. The average rates of these two years were applied to the projected population by age and sex to estimate the enrollments for each institution to 1989-90.

These demographic forecasts apparently were not adjusted for policy factors. They therefore differ from the enrollments proposed in the Governor's budget recommendations for 1981-83. Some of the institutions estimate higher

enrollments. In the case of The Evergreen State College, both the OFM 10-year forecasts and the Governor's proposals are lower than the enrollment targets called for by statute (RCW 288.40.240(1)). The statute calls for 3,050 FTE (about 3,600 headcount) in 1982-83; the OFM forecast estimates 2,669 average annual enrollment and the Governor's Budget 2,767 headcount that year. The statute calls for Evergreen to reach 3,800 FTE (nearly 4,500 headcount) in 1984-85; the OFM 10-year forecasts estimate 2,690 average annual enrollment headcount in 1984-85.

Because of the policy considerations in the budget-related enrollment contract proposals, no attempt will be made in this study to reconcile or account for the varying enrollment calculations. Instead, for estimating potential supply and demand for student housing, the demographic 10-year forecasts by OFM will be used in this analysis. Adjustments clearly will have to be made for differing enrollment outcomes, especially if Evergreen reaches its statutory target enrollments. The OFM demographic estimates are highly responsive to the the drop in the birth rate in the 1960's that now is shrinking the 18-21 college-age population. This is only partly offset by in-migration to the State in the mid-1980s. The OFM forecasts are sensitive to the fact that a growing portion of students enrolling in the institutions are older, projecting a growing proportion 30 years and older with wide institutional variances (Line Set 2, Table 4).

The OFM forecasts, as analyzed on Table 4, suggest a small potential surplus of combined institutional housing in the mid-eighties, replaced by a moderate combined shortage by 1989-90. The University of Washington stands out as having a growing deficiency of housing supply throughout the decade. Central Washington is a special case, as discussed below. Evergreen will need more housing to reach its statutory enrollment target.

The data on Table 4 do not reflect all dimensions of the status of student housing supply and demand and projected change. Interpretive analysis for each institution follows the tables. This seeks to define the specific situation and prospects for each of the six institutions, each with a unique pattern of housing supply and demand.

FINAL REPORT 1/20/81

TABLE 1
MIRA INCORPORATED

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, STUDENT HOUSING STUDY, 1980
COMPARATIVE ANALYSIS OF 1980-81 INSTITUTIONAL HOUSING DEMAND & CAPACITY

DATA ELEMENT	EVERGREEN STATE COLLEGE	CENTRAL WASH. UNIV.	EASTERN WASH. UNIV.	WESTERN WASH. UNIV.	WASHINGTON STATE UNIV.	UNIV. OF WASHINGTON	COMBINED TOTALS
1. OFM FORECAST OF AVERAGE ANNUAL ENROLLMENT, 1980-81:							
AY 1980-81	2761	7154	8469	10325	16947	33517	79173
2. FALL 1980 ACT. HEADCNT TOTAL	2805	7551	8333	10616	17236	36155	82696
3. CALC.FALL HSG. LOCAL DEMAND	2005	4285	5734	8575	14986	23210	58795
4. RESIDENCE HALL CAPACITY MAX.	152	2373	1846	2653	5905	4418	17347
4A.NORMAL CAPAC'Y	152	2326	1833	2627	5787	4397	17122
4B.OCT.1980 OCCUP	152	2167	1887	2593	5875	4392	17066
5. SINGLE STUDENT APARTM.UNITS	203	271	—	343	550	INC.BELOW	1367
5A.DESIGN CAPAC'Y	436	542	—	1144	1878	—	4000
5B.OCT.1980 OCCUP	433	462	—	1112	1639	—	3646
6. FAMILY UNITS	IN ABOVE	226	68	IN ABOVE	689	654	1637
6A.EST.CAP.@ 1.2	—	282	82	—	827	785	1976
7. MAX.ON-CAMPUS CPCTY. 1980	588	3197	1928	3797	8610	5203	23323
8. OCT.1980 NO.OF STUDENTS H'SED	585	2911	1955	3705	8203	5177	22536
9. % DEMAND ACT. HOUSED FALL'80	29.18	67.93	34.09	43.21	54.74	22.31	38.33
10. % HOUSING CAPACITY (LINE 7)/CALC. LOCAL DEMAND FALL 1980 (LINE 3):							
	29.33	74.61	33.62	44.28	57.45	22.42	39.67
(RANK ORDER)	(5)	(1)	(4)	(3)	(2)	(6)	

NOTES: LINE 1 FROM OFFICE OF FINANCIAL MANAGEMENT FORECAST, OFM/F&S/P-254, 11/80. LINE 2 FROM "HIGHER EDUCATION ENROLLMENT PROJECTION REPORT," FALL 1980, INST. TO OFM AND CPE. LINE 3 IS CALCULATED FROM RATIO OF FALL 1980 HEADCOUNT (LINE 2) TO ANNUAL AVERAGE ENROLLMENT (LINE 1) TIMES PORTION OF S.C.H. TAUGHT ON-CAMPUS AND RATIO OF FALL HEADCOUNT TAKING MORE THAN 10 CREDITS LOAD, I.E. FULL-TIME WORKING IN ON-CAMPUS PROGRAMS, THOSE ASSUMED TO REQUIRE LOCAL HOUSING. (SEE TABLE 3.) LINE 7, ON-CAMPUS CAPACITY, IS SUM OF LINES 4, 5A, AND 6A. EXCLUDES CONFERENCE BEDS COMMITED AT CENTRAL AND EASTERN.

FINAL REPORT 1/20/81

TABLE 2
MIRA INCORPORATED
MANAGEMENT INFORMATION RESEARCH

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, 1980 STUDY OF
STUDENT HOUSING SUPPLY, DEMAND, AND ALTERNATIVE STATE FUNDING POLICIES

ANALYSIS OF 1980 CENSUS PRELIMINARY POPULATION & HOUSING COUNTS
FOR COUNTY IN WHICH CAMPUS IS LOCATED
IN RELATION TO INSTITUTIONAL HOUSING CAPACITY

COUNTY	INSTITUTION	COUNTY 1980 POPULAT'N	HOUSING UNITS 1980	POPUL./ HSNG.UNIT RATIO	VARIANCE FROM AVERAGE	INSTIT'N HOUSING CAPACITY	INDEX OF INST/CNTY HOUSING CAPACITY
WHITMAN	WASHINGTON STATE	40321	14384	2.80	0.39	8610	59.86
KITTITAS	CENTRAL WASHINGTON	24866	11675	2.13	-0.28	3197	27.38
WHATCOM	WESTERN WASHINGTON	106592	47485	2.24	-0.17	3797	8.00
SPOKANE	EASTERN WASHINGTON	341058	137665	2.48	0.06	1928	1.40
THURSTON	EVERGREEN ST.COLL.	124249	50795	2.45	0.03	588	1.16
KING	UNIV.OF WASHINGTON	1265530	526235	2.40	-0.01	5203	0.99
TOTALS	6 CNTIES, INSTIT'NS	1902616	788239	2.41	0	23323	2.96

SOURCES: BUREAU OF CENSUS, SEATTLE REGIONAL OFFICE, PRELIMINARY POPULATION AND HOUSING COUNTS BY COUNTY FOR STATE OF WASHINGTON, NOVEMBER 1980; FINAL COUNTS, TO BE PUBLISHED AS PHC80-V NO.49, WILL BE SLIGHTLY HIGHER. INSTITUTION HOUSING CAPACITY IS FROM TABLE 1, LINE 7 (RESIDENCE HALLS CAPACITY PLUS APARTMENT UNITS OR BED CAPACITY IN REPORTS FOR 1980). RANK ORDER IS BY INDEX RATIO OF INSTITUTION HOUSING CAPACITY (FROM TABLE 1) PER 100 HOUSING UNITS IN COUNTY, PRELIMINARY 1980 CENSUS.

FINAL REPORT 1/20/81
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TABLE 3
MIRA INCORPORATED

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, STUDENT HOUSING STUDY 1980

COMPARATIVE ANALYSIS OF 1980-81 ANNUAL TO FALL ON-CAMPUS FULL-TIME STUDENTS
CALCULATION OF LOCAL DEMAND FOR HOUSING FULL-TIME STUDENTS

DATA ELEMENT	EVERGREEN STATE COLLEGE	CENTRAL WASH. UNIV.	EASTERN WASH. UNIV.	WESTERN WASH. UNIV.	WASHINGTON STATE UNIV.	UNIV. OF WASHINGTON	COMBINED TOTALS
1. ACTUAL 1979-80 AVERAGE ANNUAL ENROLLMENT:							
AY 1979-80	2454	7412	7656	9849	16431	34234	78036
2. OFM FORECAST OF AVERAGE ANNUAL ENROLLMENT, 1980-81:							
AY 1980-81	2761	7154	8469	10325	16947	33517	79173
3. FALL 1980 ACT. HEADCNT TOTAL	2805	7551	8333	10616	17236	36155	82696
4. FALL 1980 % OF OFM AVG.ANNL.	98.43	94.74	101.63	97.26	98.32	92.70	95.74
5. % ON-CAMPUS SCH FALL 1980	95.3	88.8	87.2	98.6	98.40	100.00	97.06
6. %HC ENRL. OVER 10 CREDIT (FT)	77.4	71.2	76.4	86.6	91.4	74.7	73.20
7. FACTOR % FALL FULL-TIME ON-CAMPUS HEADCOUNT TO ANNUAL AVERAGE ENROLLMENT:							
LOCAL DEMAND %	72.61	59.90	67.71	83.05	88.43	69.25	68.02
8. CALCULATED LOCAL HOUSING DEMAND FALL TERM:							
(ANNL.ENRL*7)	2005	4285	5734	8575	14986	23210	58795
9. ON-CAMPUS HSG. UNITS 1980	588	3197	1928	3797	8610	5203	23323
0. TO OFF-CAMPUS LOCAL HOUSING	1417	1088	3806	4778	6376	18007	35472
1. PERCENT DEMAND HSD.OFF-CAMPUS	70.67	25.40	66.38	55.72	42.55	77.58	60.33

NOTES: LINES 1 & 2 FROM OFFICE OF FINANCIAL MANAGEMENT, OFM/F&S/P-254, 11/80. LINE 3 FROM "HIGHER EDUCATION ENROLLMENT PROJECTION REPORT," FALL 1980, INST. TO OFM AND CPE. LINE 4=LINE 3/LINE 2*100. LINES 5&6 SAME SOURCE AS LINE 3. LINE 7 = (LINE 3/LINE 2*LINE 5/100*LINE 6/100), THE PORTION OF TOTAL AVG.ANNL. ENROLLMENT WHO ARE FULL-TIME STUDENTS, STUDYING ON-CAMPUS, AS THE LOCAL HOUSING DEMAND. LINE 9 IS FROM TABLE 1. LINE 11 IS THE CALCULATED FULL-TIME STUDENTS STUDYING ON-CAMPUS PROGRAMS WHO MUST BE HOUSED IN PRIVATE OFF-CAMPUS UNITS, FALL 1980.

FINAL REPORT 1/20/81

TABLE 4
MIRA INCORPORATED

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, STUDENT HOUSING STUDY, 1980

COMPARATIVE ANALYSIS OF 1980-81 THROUGH 1989-90 ANNUAL AVERAGE ENROLLMENT FORECAST BY STATE OFFICE OF FINANCIAL MANAGEMENT FOR 4-YEAR INSTITUTIONS CONVERTED TO ESTIMATED FALL LOCAL HOUSING DEMAND FOR ON-CAMPUS HOUSING

FACTOR & YEAR	EVERGREEN STATE COLLEGE	CENTRAL WASH. UNIV.	EASTERN WASH. UNIV.	WESTERN WASH. UNIV.	WASHINGTON STATE UNIV.	UNIV. OF WASHINGTON	COMBINED TOTALS
1.TOTAL ANNUAL ENROLLMENT OFM FORECAST:							
ACTUAL 1979-80	2454	7412	7656	9849	16431	34234	78036
EST.1980-81	2761	7154	8469	10325	16947	33517	79173
1981-82	2648	7440	8200	10193	16773	34539	79793
1982-83	2669	7492	8242	10144	16589	34583	79719
1983-84	2681	7516	8247	10059	16332	34503	79338
1984-85	2690	7517	8247	9950	16070	34346	78820
1985-86	2690	7514	8233	9845	15812	34147	78241
1986-87	2694	7512	8263	9811	15743	34083	78106
1987-88	2713	7565	8336	9862	15858	34201	78535
1988-89	2742	7672	8449	9989	16092	34473	79417
1989-90	2761	7779	8519	10051	16120	34555	79785
2. PERCENT 30 YEAR AGE & OLDER:							
ACT.1979-80	23.59	26.48	22.81	13.10	7.15	15.06	15.26
EST.1984-85	28.18	29.61	26.05	15.28	8.97	18.11	18.16
EST.1989-90	32.63	34.32	30.13	17.99	10.51	21.09	21.22
3. CALC.LOCAL HOUSING DEMAND	(0.726)	(0.599)	(0.677)	(0.830)	(0.884)	(0.092)	
FALL 1980	2005	4285	5734	8575	14986	23211	58795
FALL 1984	1953	4503	5583	8263	14211	23785	58298
FALL 1989	2005	4660	5768	8347	14255	23929	58964
4. LESS ON-CAMPUS CAPACITY:							
FALL 1980	588	3197	1928	3797	8610	5203	23323
=TO OFF-CAMPUS HOUSING:							
FALL 1980	1417	1088	3806	4778	6376	18008	35472
FALL 1984	1365	1306	3655	4466	5601	18582	34975
FALL 1989	1417	1463	3840	4550	5645	18726	35641
5.OFF-CAMPUS CHANGE FALL TO FALL:							
1984 - 1980	-52	217	-150	-311	-776	574	-497
1989 - 1980	0	374	35	-228	-731	719	169

NOTES: LINE SET 1 FROM OFFICE OF FINANCIAL MANAGEMENT, "ANNUAL AVERAGE HIGHER EDUCATION ENROLLMENT FORECASTS, 1981-82 TO 1989-90, SELECTED AGES," FOR THE SIX FOUR-YEAR PUBLIC INSTITUTIONS, OFM/F&S,P-254, 11/80. LINE SET 2 CALCULATED FROM 30-59 COHORT IN THAT REPORT. LINE SET 3 CALCULATED FROM RATIO FACTOR OF LINE 7 IN PRECEDING TABLE 3. LINE SET 4 CALCULATED FROM LINE SET 3 MINUS ON-CAMPUS HOUSING UNITS IN LINE 9, TABLE 3. LINE SET 5 IS THE NUMERIC CHANGE 1980 TO 1984 AND TO 1989 IN THE LOCAL HOUSING DEMAND POTENTIAL NOT ACCOMMODATED IN EXISTING ON-CAMPUS HOUSING.

INDIVIDUAL INSTITUTIONS

The Evergreen State College

The Evergreen State College in Olympia in October 1980 housed 585 students, 21 per cent of its 2,805 total enrollment, 29 per cent of its full-time students in on-campus programs. Seventy per cent of its calculated local housing demand found off-campus housing. The wait-list for institutional housing has been growing, but TESC has not been able to qualify for the very limited federal college housing loan subsidy funds.

Little private student housing now is available near the campus, and local public transit from Olympia, Tumwater, Lacey, and Tacoma is very limited. TESC has been exploring the possibility of lease-option arrangements with private developers for the construction of housing near the campus. TESC has bonding capacity sufficient to build about 100 beds, plus much-needed social space now lacking on the campus, but at high interest rates.

The OFM 10-year forecasts to 1989-90 shows a change of total annual enrollment from 2,761 in 1980-81, declining to 2,690 in 1984-85, returning to 2,761 in 1989-90. The calculated local housing demand on Table 4 reflects a slight decline by 1984-85 returning to the 1980 level in 1989. This implies no growth of on-campus housing demand. The increased proportion of students 30 years and older from 24 percent in 1979-80 to 34 percent in 1989-90 in the OFM forecasts further suggests no increase in on-campus student housing demand.

However, the institution expects greater enrollment growth. The State statutory enrollment goals for Evergreen call for 2,500 FTE student in academic year 1980-81, 3,050 FTE BY 1982-83, and 3,800 FTE in 1984-85 — much higher than the OFM 10-year forecasts.

In the "Five Year Growth Plan for the Evergreen State College" adopted by the Board of Trustees August 21, 1980 (page 6) full-time undergraduate enrollment in on-campus programs is expected to grow from 1,940 in 1979-80 to 2,630 in 1984-85. The new graduate program is expected to reach 225 FTE in 1984-85. If 30 per cent of the full-time undergraduates in on-campus programs are to be housed by the institution on-campus by 1984-85, this requires an institutional housing capacity of 790, an increase of 200.

The potential population growth of the Olympia-Tacoma region is high. However, the traditional college-age population is likely to shrink until late in the decade. Improved public transit commuting services plus private development of apartment housing nearer the campus are alternatives for accommodating the growth of older student demand. At this stage, pressure for construction of additional on-campus housing is limited or uncertain if the OFM 10-year forecasts are accepted.

Central Washington University

Central Washington University, Ellensburg, is unique among the six institutions in its substantial surplus of on-campus student housing. Central houses the highest proportion of its of its calculated local housing demand of nearly 4,300 — actually housing 68 per cent in the fall of 1980, potentially able to house 75 per cent at full capacity. (CWU counts its housing demand from full-fee paying students who take 7 or more credits; these totalled 5,835 in the fall of 1980, of which 50 per cent was housed by the institution.)

Ellensburg has the lowest private housing availability for students. Its private housing supply is predominantly single-family and owner-occupied. Kittitas County, among six counties in which state four-year higher education institutions are located, has the lowest ratio of population per housing unit (Table 2). Little development of local private housing for students is indicated. Although a growing number of CWU students are coming from the coastal counties, out of commuting range, the surplus of institutional housing in the past decade has left no market demand for private development.

CWU dealt with a surplus of on-campus student housing that began with a drop in student enrollment in 1972 by converting it to Conference Center use. This reached 817 capacity in 1977-78 and 1978-79 as enrollment dropped below 5,500 full fee-paying students. As enrollment began to rise in 1979-80, the Conference Center assignment was reduced. In 1980, with total enrollment back over 7,500 (about 5,900 full-time), the Conference Center capacity was reduced to 360. No addition of student housing capacity is indicated at this time. The local private market is not a major housing resource.

The Conference program, given the location of CWU in the middle of the State, has developed a fairly strong base. In 1980-81 it is expected to contribute over $106,000 to housing and food service funds "that otherwise would have been obtained from students through higher rates." The housing system carries $264,000 for utilities, insurance, support, repairs, and maintenance, 41 per cent of the conference housing expense. Conference Food Service generates most of net contribution to system revenues. (Central Washington University, 1980-81 Housing and Food Services Projections, March 1980, p. 58.)

It appears that conference and continuing education programming should become a major development objective of CWU in the framework of "life-long learning" concepts. The housing capacity appears likely to remain available. The programming is being clearly defined and marketing intensified as a major mission of CWU, going beyond being a stop-gap activity to utilize excess student housing capacity. (See Wendell Hill, "Central Washington University Conference Program Report," August, 1980.)

Central commits $75 of its $162 per year student activity fee to housing bond retirement. Its earnings ratio, improving from a low of 84:1 in 1974-75 to 1.39:1 in 1979-80, indicates a healthy debt service ratio now. The debt service coverage ratio (calculated below in Table 6) was 1.40 in 1978-79. Thirty per cent of that coverage is from the housing bond portion of the activity fee assessed all students.

In the OFM forecasts to 1989-90, Central shows a steady growth of total annual enrollment, from 7,154 in 1980-81 to 7,780 in 1989-90. In 1980, 60 percent of this annual enrollment average were full-time students (over 10 credits) in on-campus programs. However, much of the projected growth is in the 30-year and older groups. CWU had the highest proportion, 26 per cent, of students 30 years and older in 1979-80. OFM projects that this older student proportion will rise to 34 per cent in 1989-90. Presumably this will limit the demand for on-campus institutional housing. Further return of the housing space assigned to conferences could accommodate any increase in demand for on-campus housing from regular students. However, if the recurrent education programs for older working adults are further developed, new kinds of housing demands may emerge. At this time, the CWU housing is more than adequate. Further population growth and economic development in the Yakima-Wenatchee sector, not now clearly indicated, could increase demand for recurrent education opportunities for working adults.

Eastern Washington University

The current housing issue at Eastern Washington University has centered on the objective of EWU administration to provide conference housing for the Regional Center for Continuing Education (RCCE) coming into conflict with the Associated Students demand that existing housing capacity be fully committed to traditional student housing. The issue was tentatively resolved by the EWU Board of Trustees on November 20, 1980, by dividing Anderson Hall between conference and regular student assignment for the next two years while an alternative for housing the RCCE in a new conference center or construction of traditional student housing is explored.

Anderson Hall, constructed in 1951 with a 200-bed capacity, was converted in 1978-79 to a conference facility for the RCCE. That coincided with a drop in total head-count enrollment from 7,185 in 1975 to 6,837 in the fall of 1977 and a low of 5,612 full-fee students in the fall of 1978. Then the enrollment jumped by over 700 (550 increase in full-fee students) in the fall of 1979 and another 500 (400 full-fee) increase in the fall quarter 1980 (Eastern Washington University, Institutional Data Reference, January 1980, p. 1).

In the fall peak load of 1979, ninety students seeking on campus housing were temporarily housed in Anderson Hall. The Associated Student officers voiced strong objections to the conversion of Anderson to the conference facility and its "temporary" use to house overflow students. With the further enrollment jump in the fall of 1980, the issue intensified; 149 students were temporarily housed in Anderson Hall. Student government officers strongly objected to the "temporary" status of the Anderson student residents.

A special study group of students and administrators was formed to seek a resolution between the ASEWU demand that Anderson be fully recommited to student housing and the Administration objective of housing the Regional Center for Continuing Education. The administration and the student government members of the special study group agreed on the longer range solution, either to construct a new conference center or additional student housing, to be studied and reported in the spring of 1982. The disagreement remained on the short-term solution. The administrative members recommended a compromise on the use of Anderson Hall to accommodate both traditional

students and the need for committed RCCE conference housing by assigned approximately 100 beds to each from the winter quarter 1981 through the spring quarter 1982. This proposal was brought before the Board of Trustees at its November 20 meeting. The ASEWU officers argued that projected enrollments for the winter and spring of 1981 and the fall quarter 1981 merit the full commitment of Anderson to housing the traditional on-campus student demand. The Trustees unanimously agreed to the compromise, dividing Anderson between student housing and RCCE conference housing. Apparently, the longer term question of whether to build a new, separate conference center or additional student housing will be studied in-depth to be reported to the Trustees in the spring of 1982.

Because of its commuting proximity to Spokane, Eastern Washington University has a significant potential for growth at a rate higher than projected in the OFM 10-year annual average enrollment forecasts (Table 4). These forecasts show a nearly stable 8,200 enrollment until late in the decade when it increases to 8,500. Because of the major economic development experienced by the Spokane area in recent years and forecast to continue, there is growing potential for more working student participation in night courses. Recent growth of the downtown Spokane Bon Marche Center of EWU and the strong commitment of the EWU administration to development of the Regional Center for Continuing Education suggests a major market for growth potential.

Much of that growth, however, is likely to be from the nontraditional adult student seeking recurrent education and less likely to demand on-campus housing. MIRA notes participation of EWU (with Gonzaga, Washington State, Spokane Falls Community College, Fort Wright College, Whitworth College, and Spokane Community College) in SPHERE — the Spokane Higher Education Regional Enrichment — degree completion programs for working adults. This consortium program is specifically aimed at the kind of postsecondary education market most likely to grow significantly in the next 20 years, as the population bulge of the 1950's "baby boom" — highly educated and more likely to seek recurrent lifelong education — doubles the middle-years age groups. The current shrinkage of the 18-21 age group until the end of the decade further limits the on-campus housing demand, although the high cost of off-campus housing increases the tendency of older students to seek lower cost on-campus housing. The situation at Eastern epitomizes the uncertainties in current postsecondary education development and in economic conditions that leave no clear path for forecasting student housing needs.

Eastern Washington now houses one-third of its full-time students studying on-campus programs. Its off-campus programs are growing significantly. The proportion of its students 30 years and older is forecast by OFM to change from 23 per cent in 1979-80 to 30 per cent in 1989-90. This should further lessen the pressure for on-campus housing. The projected housing demand is expected to drop about 150 by 1984-85 and return to the current level in 1989-90.

The calculated debt service coverage of the EWU housing system in 1978-79 (Table 6, below) was 1.19:1. Forty-five per cent of the coverage that year was from the housing bond allocation ($63 of the student activity fee of $162). Eastern has the lowest rental rates of the six institutions, although with the student fee added, its prototype rates (Table 7, below) are close to those of the University of Washington.

Washington State University

Washington State University in Pullman houses the largest number and proportion of students on campus of the six four-year institutions. Its housing capacity at its maximum will house 57 per cent of the calculated fall 1980 local housing demand of full-time students in on-campus programs. W.S.U. has the highest proportion of full-time students (91.4 per cent take more than 10 credits), and less than 2 per cent of its student credit hours are generated off-campus. WSU is predominantly younger students, with only 7 per cent 30 years and older, projected to rise to 10 percent over the decade. Because its enrollment is so heavily concentrated in the traditional 18-21 age group, its total average annual enrollment is expected to drop in the OFM forecasts from 16,974 in 1980-81 to 16,070 in 1984-85, returning to 16,120 in 1989-90. This will reduce its local housing demand by over 700.

However, W.S.U. projects higher average annual enrollment than the OFM 10-year forecasts. In 1984-85, W.S.U. expects to enrollment 17,460 compared with the OFM forecast of 16,070; in 1989-90, W.S.U. expects an annual average of 17,530 compared with the OFM forecast of 16,120. The OFM projections heavily reflect the high-proportion of W.S.U. students in the shrinking traditional college-age cohort. (The W.S.U. projections were supplied to MIRA on January 8, 1981, by William Bierbaum, Director of Housing and Food Services, at the meeting with the Interinstitutional Housing Officers committee.)

The occupancy of WSU housing is high, the local alternatives for private housing are very limited, with little new construction currently planned by private developers. The financing of housing at WSU is in very healthy condition, with a comfortable 1.6:1 debt service ratio. (As calculated below in Table 6, including the $305,000 committed bond indenture payment from the University, a coverage ratio of 2.05 was shown in 1978-79.)

A large reserve has been accumulated for replacement and renovation of buildings and equipment. Use of the $8 million reserve now is being programmed for major renovation of existing facilities, equipment replacement, and replacement of deteriorated and high maintenance-cost World War II family housing units.

The issue of doubling up some residence hall rooms to handle opening of fall quarter peak load in 1979 and 1980 led ASWSU leaders to advocate building of 300 additional on-campus student housing with the $8 million housing reserve. This was advocated in a report by a student housing commission chaired by Bill Marler, student member of the Pullman City Council (undated but stamped November 10, 1980). City housing condition code enforcement is being advocated by student leaders. They say about 350 private market housing units that are substandard have been identified.

The Associated Students of Washington State University, through President John Winkler, are the only student group of the six that has responded in

writing to the MIRA invitation for a position statement on the question of a state policy for student housing. They advocate the construction of additional institutional housing and call for State subsidy of the costs of construction. State subsidy of housing bond interest rates also is advocated by the ASWSU response. That response agrees that increased financial aid would help low income students but would not overcome what ASWSU believes is an acute shortage of student housing in Pullman. (Letter with attachments from John Winkler to Tom Mason, January 5, 1981.)

The student housing situation now in Pullman is at or near saturation, overloaded at the peak opening of fall term. If the OFM forecasts prevail, that housing pressure likely will disappear in the coming decade. If the W.S.U. forecasts of 1,400 more students in 1984-85 and in 1989-90 than the OFM forecasts come true, substantial additional housing will be needed. At this point, little private development of housing available to the student market in Pullman is in prospect.

Unless some major economic development occurs in the Pullman-Moscow-Lewiston triangle, Washington State University probably is in a relatively steady-state as a largely residential campus with relatively few commuters and only moderate growth of older students. This could be changed if the institution decides to program for the recurrent education of the older employed adult, returning to the campus periodically for a term, a year, or more of "educational sabbatical" for technical and professional updating. Although the institutional housing experiences a short-time of overload at the beginning of the fall term, there is little evidence now that additional on-campus housing will be needed. The OFM forecasts indicate the enrollment peak was hit in 1980-81 and will decline moderately until 1987. If this becomes the case, even the opening fall overload should disappear. Of the University's higher enrollment projections occur, more student housing will be needed. For W.S.U., the question turns on the uncertainty of enrollment growth or decline.

Pullman is a classical "college town," with a very high 60 percent 1980 ratio of institutional housing capacity (8,600) to the 14,400 housing units counted in Whitman County (Table 2). Entry of a single large company adding substantial employment and attracting in-migration to Pullman would quickly put a strain on the private off-campus housing market for the 6,000 full-time students who now live in the community. The OFM forecasts, however, indicate a shrinkage of this off-campus demand of over 700 in the coming decade.

Western Washington University

Western Washington University in Bellingham has felt acute student housing pressure over the last three years. In the fall of 1979, over 1,000 inquiries for on-campus housing could not be accommodated. In 1980, with a change in priority from returning students to new entering students in institutional housing, 160 returning students who wanted housing could not be accommodated, but a better balance of demand and supply was experienced.

A pending housing project at WWU is the renovation of Edens Hall South, built in 1919-20 as a women's dormitory but used for temporary offices since 1971-72 and now essentially vacant. A feasibility study (State Proj. No.

79-486, T/G/C/I Architects, March 20, 1980) indicated that the building could meet code requirements with exceptions allowed if it is designated a historic landmark building. Its capacity could be increased from 150 to 245 beds. The estimated cost would be near $4,000,000. WWU now is working with financial consultants to evaluate negotiated sale versus public sale of bonds and the use of bond insurance. Working drawings will await improvement of bond issue interest rates.

WWU currently is in the second year of a lease of apartments that add 84 beds. It has not yet decided whether it will renew the lease after the summer of 1982. The summer student vacancy rate is a problem that deters private developers. Its experience with the turnkey construction of Birnham Wood apartments in 1971 has been very good. However, the prospect of repeating that relatively low-cost acquisition is unlikely.

For the fall of 1980 at Western, the housing capacity was increased 217 by changing some apartments from unit rental to bed rental contracts and encouraging other unit renters to take additional roommates. Attrition from the start of fall term brought fourth-week occupancy to 98 per cent of capacity.

In the "Report from the Task Force on Future Housing Needs - January 1979," the renovation of Eden South was recommended if State funding was not approved for its conversion for the College of Business and Economics. This is the case now. The Task Force also recommended construction of 100 apartment units to house 250 single students in the near future; conversion of half of Birnam Wood to family units; and possible construction after 1985 of another 100 units if demand is indicated. The Task Force projected Fall 1990 enrollment at 10,250, very near the 10,300 fall headcount estimated in 1990 from the OFM ten-year projection.

The WWU housing and dining system operated with a debt service coverage of 1.49:1 in 1979-80 (as calculated in Table 6, below). The WWU housing system is in good financial condition. The $85.50 per academic year from the student activity fee committed to housing bond retirement also covers allocations to the student union, Associated Student recreation facilities both on- and off-campus, resident advisers, and operation and maintenance costs.

Western Washington University is facing tight housing conditions currently that will be relieved by the Eden South renovation if a reasonable bond rate can be found. High interest rates are the major barrier being faced to relieve the tight housing situation.

Western Washington appears to have a potential for exceeding the OFM forecast of a moderate decline to 9,800 average annual enrollment by 1986 and a return to slightly over 10,000 in 1989-90. It has developed strongly attractive programs for in-migration of students from other counties and out-of-state. However, that demand may have peaked in 1980-81, as projected in the OFM figures, and the housing pressure will decline. The moderate climate and location between the Seattle and Vancouver metropolitan areas have potential for economic development that could create more population in-migration to the Bellingham region. Stabilization at about 10,000 students seems the strongest possibility over the coming decade. As a residential campus,

Western Washington in Bellingham is similar to Washington State in Pullman. A moderate increase in campus housing is currently planned, and a good potential for private housing development in Bellingham appears possible, but only if financing conditions improve in 1981.

The University of Washington

The University of Washington in Seattle clearly faces the most serious kinds of student housing problems. By far the largest and most complex of the six institutions, the U.W. is located in the Puget Sound metropolitan core. Its policy historically has been to depend overwhelmingly on noninstitutional housing. It houses only 22 per cent of the full-time students enrolled in on-campus programs, less than 15 per cent of its total enrollment. Fraternities and sororities, committed to students, adds another 2,950 beds. If these are counted as institutional housing resources, this brings the portion of the calculated student demand (on Table 3) up to 38 per cent in institutional and student-committed housing.

The private housing market on which the University of Washington is heavily dependent is saturated, with strikingly low vacancy rates below two percent. The metropolitan area is a heavy in-migration location, now intensified by the new Boeing commercial aircraft contracts. The prospects of increased federal defense spending likely will intensify housing pressure. Seattle has suffered extra high housing inflation rates, similar to those in Southern California, Denver, Tucson, and Phoenix. Condominium apartment financing, generally unavailable to students, has grown, until mortgage interest rates brought housing construction near a halt. The costs of housing in the metropolitan region are far higher than in the other college communities. (A two-bedroom apartment that is still available in Pullman at $250 per month is likely to cost at least $360 in Seattle.) The problem is that the housing pinch is squeezing out a growing number of students who do not live in the parental home and commute. Demand for on-campus housing at the University of Washington, therefore, has skyrocketed in the past three years.

Replacement of the deteriorated "temporary" housing in Union Bay Village, with its very low rents and very high human safety and maintenance cost problems, created a major issue. The shortage and high cost of housing became a major cause taken up by student government leadership in 1979 and 1980. That was compounded by the long waiting lists, both for residence halls and family housing. The policy of limiting family apartments to those who qualified by the financial need test, although approved by most, generated the same problem for moderate income students that led to the spread of federal financial aid and loans to the middle income groups. The housing shortage, especially of moderate rents, is being acutely felt by a growing number of students at the University of Washington.

Because of a clear excess of housing demand over housing supply, the University of Washington was one of the rare institutions in 1980 that qualified for the very limited federal Housing and Urban Development College Housing loan funds at three per cent. For the proposed West Campus apartments for single students, HUD has reserved $5,000,000 for the $9 million project. Construction is required by early 1982 to secure the HUD low interest money. With the uncertainties of the enrollment and program

funding situation in Washington, the University now is reexamining the West Campus project and how it should be designed to insure continuing attractiveness to students should the housing supply in Seattle improve. The University currently has under contract a student housing marketing study to evaluate the West Campus apartment programming.

There is little doubt that additional housing is needed now by University of Washington students. The rising costs of private housing make on-campus housing increasingly attractive, if its rental rates can be moderately contained. The question of whether a State-funded subsidy is needed for student housing emerges most acutely at the University of Washington.

The new 10-year forecasts of total annual average enrollment by OFM for the University of Washington (Table 4) show an increase to nearly 34,600 in 1982-83, dropping back to 34,083 in 1986-87, returning to 34,500 by 1989-90. The sensitivity of the OFM demographic model to the age distribution of the students and the populations from which they come is clear in the projections. Although the drop in enrollment in the mid-1980s is attributable to the drop in the traditional college-age cohort, that drop is moderated by the growing proportion of students 30 years and older. Applying the calculated ratio (69.2 percent) of fall term full-time students in on-campus programs to the OFM forecasts, the student housing demand increases over 1980 nearly 600 by 1984 and over 700 in 1989.

The University of Washington 1981-83 Capital Budget Request and 1981-87 Capital Improvement Program (August, 1980) has a thorough analysis of the enrollment demand potential (pp. 16-32). Alternative demand factors show a potential enrollment growth to nearly 43,000 by 1990 by State population age distribution or to nearly 50,000 demand by projected county population. However, "As a matter of policy...the University will limit day on-campus enrollment to 30,000 day on-campus FTE." (P. 27.) Growth is expected in evening class enrollments and in non-matriculated students. Presumably, this growth element places no demand on institutional housing. Even by this no-growth policy for day on-campus enrollments, the current demand from full-time on-campus students for institutional housing remains, unless an unlikely burst of moderate cost private housing becomes economically possible in the next few years.

The replacement of the Union Bay units will bring a net increase of over 60 family units; construction of the West Campus apartments will add 500 capacity; and renovation of the Commodore-Duchess apartments has a potential capacity increase of over 80. If these projects are built, the bulk of the acute 500-700 capacity shortage estimated in Table 4 will be substantially offset. Current demand for institutional housing at the U.W. will continue to be strong as long as the private construction of moderate cost rental housing remains depressed. Most economic forecasts offer little ground for optimism that the housing shortage in Seattle will end soon.

In the University District, the ideal location for off-campus student housing, current proposals by private developers are for high rise apartment construction. These are likely to be high rental or condominium financing attractive to professional occupations because of the proximity to the University but far beyond the reach of the full-time student. The possibility of exploring joint University-private development of moderate

rental apartments or of cooperative housing is suggested in the University District and other adjoining neighborhoods. Otherwise, the University District could become a high-rent district, appealing to higher income occupants who find the University environment attractive.

The response of the University of Washington to this consultant's request for a position statement includes the following (Letter from William M. Kingston, Director of Housing and Food Services, to Thomas R. Mason, January 6, 1981):

> ...There are six unique and widely differing patterns at each of the six institutions. Given these circumstances, a state-wide policy must be quite general and flexible enough to allow each institution to respond appropriately to its individual needs....
>
> At the University of Washington, we feel that the private market should continue to be the principal source of student housing. This is based primarily on two factors: First, the University enrolls a high proportion of upper division and graduate students. We project an increase in the proportion of these students over the next decade. It has been our experience that these groups do not represent the primary market for on-campus housing, and generally prefer to live in the community. Second, the University's location in a large, urban area renders on-campus student housing demand subject to prevailing, private-market conditions as well as shifts in student preferences. A down-turn in private market rental rates relative to on-campus rental rates, an increase in availability of private market housing, or a strong shift of student preference away from on-campus housing facilities would hinder the University's ability to meet its existing financial obligations, at the same time maintaining the existing level of services in student housing. To shift to a policy of making the University the primary provider of student housing would definitely exacerbate the situation by increasing our financial obligations and making the institution further subject to private market and student preference shifts.
>
> It is our position that the institution should provide the amount of housing that students will demand on a long-term basis at rates that are at or below private market rental rates, within the financing structure set by state-wide policy. At the present time, it is implicit, if not explicit, State policy that student housing be run on a self-sustaining basis, with the exception of student fee support at several of the other institutions. Although the University does plan some additional student housing construction, we are nearing the limit of our financial capabilities to provide additional student housing on a self-sustaining basis at or below market rates.
>
> Finally, it is our strong desire that the study you are conducting be followed through to the point of development of a clearly defined state policy on student housing.
>
> . . . . .
>
> Given the existing 1979-81 operating budget and the 1981-83 budget for higher education and the University specifically, the University of Washington cannot support diversion of state-appropriated funds to housing and away from existing programs. The result would be a further

deterioration of service levels....

The housing situation of the University of Washington most clearly illustrates the key problem of the student housing study: The question of whether the costs of housing have become an increasing barrier to equitable access to postsecondary education. The response of the University of Washington reflects the current reality that any diversion of existing funding away from primary education programs toward a subsidy of student housing is not desirable. The alternative funding approaches that are examined below would require ADDITIONAL public funding resources, likely only if there is a major economic upturn in the State and Nation in 1981 and beyond.

FINANCING STUDENT HOUSING

The current, operating revenues, costs, and debt financing of the student housing programs of the six four-year institutions shows that the their housing generally is in healthy financial condition. The burden of inflation and the high debt service coverage reserves required by revenue-financing of capital and operating costs of campus housing means higher rental charges to students.

This section summarizes the operating revenues, expenditures, net balances, and indebtedness as shown in the institutional housing financial reports for 1978-79, for which final financial reports are available. These are CPA audit reports except at Central Washington and Evergreen State, which supplied internal institutional financial reports. Except for Evergreen State, which reported only housing funds, the reports cover the combined housing and housing food services funding. (The institutions vary in whether other nonhousing food services, such as the student center, are included.)

Table 5 displays a summary of the revenues and expenditures of the housing and (except for Evergreen) food services of the six institutions with the net revenue after operating expense.

In Table 5,the revenues are subtotaled: Subtotal 1 combines income from room and board charges, apartmental rental, and other charges to student occupants or conference users. Subtotal 2 adds the combined interest income from reserves for 1978-79; the portion of the student activities fee committed to housing bonds at CWU, EWU, and WWU; and the amount of federal interest subsidies received that year. The expenditures are grouped by operating costs for personnel, supplies, and other general expense; expenditures for housing plant repair and maintenance; and utility costs recharged to housing.

The net revenues less expenses are shown both for Subtotal 1 revenues (income from charges to occupents) and for total revenues (including interest, student fee, and federal subsidy) less total expenses.

Adjustments (*) of the net revenue over expense are made at the bottom of

Table 5 for Evergreen, Central, and Washington State to arrive at a net coverage generated in 1978-79 considered comparable across the six institutions. (The advisor to MIRA on the fiscal analysis is Carolyn Anderson, Fiscal Manager for University Services, University of Minnesota. Her analysis of the six financial reports to assess the indebtedness factors shown in Table 6, suggested these adjustments to increase comparability.)

For the Evergreen State College housing funding, the $86,540 added back as debt service coverage are the items for depreciation of equipment and building carried as an expense in the Evergreen housing financial report provided. (The Evergreen State College, Housing, Statement of Revenue and Expense for the Current Year Ended June 30, 1979.)

For Central Washington, a total of $308,635 is added to the expense (in Line 6) to include amounts for nonoperating capital expenditures, uncollectable accounts receivable written off, and accrued vacation leave. (In the CWU report, "1980-81 Housing and Food Services Projections," March 1980, these amounts shown there on page 16 are not included in the expense detail on page 15.) The adjustment of $91,695 added to the adjusted net total revenue less operating expenditures for net coverage is the amount of interest income transfered to the housing bonds sinking fund as debt service coverage.

The adjustment for Washington State is the $305,000 bond indenture payment from the University to its housing system that is not shown as revenue from operations, since this is intended as debt service coverage. (Housing and Food Service, An Auxiliary Enterprise of Washington State University, Financial Statements, June 30, 1979 and 1978, Smeltz and Lamb, Certified Public Accountants, pages 5 and 6.)

The data summarized on Table 5 were analyzed for comparative unit cost averages using the calculated institutional housing capacity units from Table 1. The outcomes of this analysis (which was included in the Review Draft as Table 6) proved to be NOT accurately comparable as unit cost indicators. Institutional differences in policy (e.g., the student activity fee committed to housing bond retirement) and resulting differences in budgeting and accounting particular revenue and operating expense, reserve, and debt service transfers would require extensive analysis and consultation with the institutions to achieve validly comparable average unit costs. Careful definition of the units to deal with differences between dormitory bed capacity, apartment unit rentals versus bed rentals, and the mix of family and single student apartments would be required for valid comparison. Because this kind of comparison is a vital part of public policy assessment, the institutional housing and business officers are urged to renew previous efforts to develop such unit cost comparability.

The capital funding analyses in Table 6 was prepared by the advisor to MIRA, Carolyn Anderson, interpreting the financial reports provided for fiscal year 1978-79.

Table 6 shows the total outstanding debt as of June 30, 1979, of the six institutions combined is nearly $94 million. New issues will take this over $100 million in 1980-81. Combined, this requires a debt service in 1979-80 of over $6 million. The six bond and interest sinking fund investments of nearly $7.5 million earned $336,000 in 1978-79, nearly 4.5 per cent. The

adjusted transfers from operations in 1979-80 were nearly $6 million. The combined coverage of adjusted operating net totals were $9.8 million. This provides a ratio of coverage to debt service of 1.61, a healthy level. The individual institutional ratios range from the high of 2.05 at WSU to a low of 1.19 at Eastern. For Evergreen, the current fund balance at the bottom of Table 6 (not specifically found in data provided) is calculated as the current assets less current liabilities on the 1978-79 balance sheet.

The common ratio of about 1.40 is desirable for adequate repair and replacement reserves beyond the typical 1.25 debt service ratio expected in most housing bond issues. These generally may considered very healthy housing finance systems, but the possibility of better treasury management of pooled reserve funds is suggested below under Alternatives for a State Policy.

Table 7 shows the variances in the in prototype board and room rates for 1979-80 and 1980-81 in the five Washington public universities compared with other institutions. These were compiled by the Interinstitutional Housing Officers committee as comparable rates for a student in a double room with full board for the academic year. With adjustments for the student fee for housing bonds at Central, Eastern, and Western Washington universities and for the Washington State general fund payments for housing finance, the Washington institutions are lower than the major universities selected for the comparison, but higher than Oregon and Oregon State. The increases from 1979-80 to 1980-81 are shown with a comparison to the inflation reflected in the national Consumer Price Index. The average room and board charge at the five Washington institutions is about $100 less than the average of the eleven institutions in the comparison.

Basically, the room and board charges at the Washington institutions are about in the middle of national rates for fully revenue-financed institutional housing. In 1977, the average room and full board charge at public universities was $1,381, which, escalated by the Consumer Price Index three-year gain of 35 per cent from 1977 to 1980, would reach $1,865. (National Center for Educational Statistics, THE CONDITION OF EDUCATION: 1979 Edition, U.S.Department of Health, Education, and Welfare, Education Division, Table 3.18, p. 130.)

From the diversity of patterns among the six public four-year institutions in Washington, the one clear impression that comes through is that the housing finance in Washington's public four year universities and college is in healthy condition. The problem largely is the growing burden of inflation on the costs of higher education and a generally tight housing supply. The student struggle to finance higher education when personal and family income resources are low is seriously impacted by inflation and by the disappearance of low and moderate rent housing. The following section explores ways in which that burden might be eased.

FINAL REPORT 1/20/81

TABLE 5
MIRA INCORPORATED

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, STUDENT HOUSING STUDY, 1980
COMPARATIVE ANALYSIS OF 1978-79 FINANCIAL REPORTS FOR HOUSING & FOOD SERVICES

DATA ELEMENT	EVERGREEN STATE COLLEGE	CENTRAL WASH. UNIV.	EASTERN WASH. UNIV.	WESTERN WASH. UNIV.	WASHINGTON STATE UNIV.	UNIV. OF WASHINGTON	COMBINED TOTALS
1980 INSTITUTIONAL HOUSING CAPACITY (TABLE 1):							
HOUS'G CPCTY.	588	3197	1928	3797	8610	5203	23323
REVENUES FROM OPERATIONS:							
1.ROOM & BOARD & APT.RENTAL	405240 (HSG.ONLY)	4543499	2284092	4657243	10823043	7532887 (1)	30246009
2.OTHER INCOME	47486	73328	17644	271947	148198	1109388	1667991
SUBTOTAL 1	452726	4616827	2301736	4929190	10971246	8642275	31914000
3.INTEREST INC	36235	113480	123031	189919	844586	197319	1504570
4.STUDENT FEE	NA	429143	378735	738348	NA	NA	1546226
5.FED.INT.SUBS	7834	146082	110860	100996	91230	NA	457002
SUBTOTAL 2	44069	688705	612626	1029263	935816	197319	3507798
TOTAL REVENUES	496795	5305532	2914362	5958453	11907062	8839594	35421798
EXPENDITURES FOR OPERATIONS:							
6.PERSONNEL, SPLIES & EXP	* 364261	* 2844067	1517130	2953369	* 6207262 (2)	5605762	19491851
7.REPAIR & MNT	25087	457218	406574	471763	1157085	864198	3381925
8.UTILITIES	43610	681760	165790	495510	885246	892546	3164462
TOTAL OPERTN EXPENDITURES	432958	3983045	2089494	3920642	8249593	7362506	26038238
NET SUBTOTAL 1 OP.REV.-OP.EXP	19768	633782	212242	1008548	2721653	1279769	5875762
NET TOTAL REV. -TOT.OP.EXPEND	63837	1322487	824868	2037811	3657469	1477088	9383560
*ADJUSTED SEE TEXT PP.24-25	84540	91695			305000		481235
NET COVERAGE	148377	1414182	824868	2037811	3962469	1477088	9864795

SOURCES: INSTITUTIONAL FINANCIAL AUDIT REPORTS FOR 1978-79

NOTES: (1) U.W. OTHER INCOME INCLUDES COMMERCIAL PROPERTY INCOME OF $27,100.
(2) W.S.U. EXPENSE EXCLUDES $300000 FOR RESIDENT ADVISERS FROM STUDENT SRVCS.

FINAL REPORT 1/20/81 TABLE 6
MIRA INCORPORATED

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, STUDENT HOUSING STUDY, 1980

COMPARATIVE ANALYSIS OF 1978-79 FINANCIAL REPORTS FOR HOUSING & FOOD SERVICES
BONDED INDEBTEDNESS, DEBT SERVICE COVERAGE, FUND BALANCES

DATA ELEMENT	EVERGREEN STATE COLLEGE	CENTRAL WASH. UNIV.	EASTERN WASH. UNIV.	WESTERN WASH. UNIV.	WASHINGTON STATE UNIV.	UNIV. OF WASHINGTON	COMBINED TOTALS
	(HSG.ONLY)						
TOTAL OUTSTNDG DEBT 6/30/79	410000	15410000 *	9343579	19410000	27745000	21474000	93792579
DEBT SERVICE RQRMNT 1978-79	111769	1010650	690530	1370546	1932840	967120 **	6083255
FROM SINKING FUND EARNINGS	BELOW	BELOW	58545	94855	133763	48811	335974
TRANSFER FROM OPERATIONS	21262	1154866	521639	1299083	1932584	977028	5906462
COVERAGE:							
FROM OPER. NET TOTAL(TABLE 5)	*** 148377	*** 1414182	824868	2037811	*** 3962469	1389011	9776718
RATIO COVERAGE TO DEBT. SRVC.	1.33	1.40	1.19	1.49	2.05	1.44	1.61
NET INCM.AFTER DEBT SERVICE	36608	403532	134338	667265	2029829	421891	3693463
MANDATORY TRANSFERS TO:							
REPAIR&REPLAC.	0	64344	28247	162243	37000	53590	345424
NET INCM.AFTER MANDAT.TRANSF.	36608	339188	106091	505022	1992829	368301	3348039
NONMANDATORY TRANSFERS TO:							
CONSTRUC.FUND					63073		63073
PLANT FUND			22427	170000	93464		285891
CAPIT.IMPRVMT		22300		228458			250758
OTHER MNT&IMP						358393	358393
FUND BALANCES JUNE 30, 1979:							
CURRENT FUND	365363 ****	1248233	588300	1773411	9189006	--	13164313
BOND&INT. S/F	238184	1426277	939757	1689713	1632449	1512149	7438529
PLNT REP&REPL	183241	200335	371908	260269	676789	2572354	4264896

NOTES: *CENTRAL WASHINGTON REPORTS AS OF 11/1/79 RATHER THAN 6/30/79.
**BEGINNING 1979-80 U.W. DEBT SVC.REQ.INCREASED TO $1429800 ANNUAL AVERAGE, AND TOTAL COVERAGE REQUIREMENT DECREASED TO 1.1 FIRST YEAR OF NEW BOND ISSUE
***INCLUDES ADJUSTMENTS MADE LAST TWO LINES TABLE 5 DESCRIBED IN TEXT PP.21-22.
****NO CURRENT FUND BALANCE SHOWN IN TESC REPORT; THIS IS CURRENT ASSETS LESS CURRENT LIABILITIES. NOTE THAT EVERGREEN EXCLUDES FOOD SERVICE THROUGHOUT.

TABLE 7
MIRA INCORPORATED

WASHINGTON COUNCIL FOR POSTSECONDARY EDUCATION, STUDENT HOUSING STUDY, 1980

COMPARATIVE ROOM AND BOARD CHARGES, 1979-80 & 1980-81

INSTITUTION	DOUBLE ROOM WITH FULL BOARD ACADEMIC YEAR 1979-80	1980-81	PER CENT INCREASE 1980-81/ 1979-80
STANFORD UNIVERSITY	2354	2736	16.23
UNIV.CALIFORNIA-BERKELEY	1970	2134	8.32
UNIVERSITY OF MICHIGAN	1868	2077	11.19
UNIVERSITY OF ILLINOIS	1718	1889	9.95
CENTRAL WASHINGTON (1)	1725	1885	9.28
WESTERN WASHINGTON (1)	1715	1883	9.80
WASHINGTON STATE (2)	1675	1819	8.60
UNIVERSITY OF WASHINGTON	1656	1815	9.60
EASTERN WASHINGTON (1)	1649	1814	10.01
UNIVERSITY OF OREGON	1558	1740	11.68
OREGON STATE UNIVERSITY	1540	1740	12.99
AVERAGE OF 11 INSTNS.	1766	1957	10.83
CONS.PRICE INDEX(W) AVG.1979=217.7, MAY 1980=245.1			12.59

NOTES: (1) AT CENTRAL, EASTERN, AND WESTERN WASHINGTON, ANNUAL DEBT SERVICES ARE SUPPORTED BY BUILDING USE FEE, PART OF STUDENT ACTIVITY FEE. THE VALUE OF THIS FEE IS INCLUDED IN RATES.
(2) AT WASHINGTON STATE, HOUSING & DINING SYSTEM INDIRECTLY SUBSIDIZED FOR SOME STUDENT SERVICES TO RESIDENTS. W.S.U.HAS OBLIGATED A CONTRIBUTION OF $305,000 PER YEAR FROM GENERAL UNIVERSITY FUNDS TOWARD OPERATIONS. THIS IS ADDED TO BOARD AND ROOM RATES AT $50 PER YEAR.

SOURCE: COMPILED BY INTERINSTITUTIONAL HOUSING OFFICERS, WASHINGTON.

ALTERNATIVES FOR A STATE POLICY

The explicit context of the Resolution of the House Higher Education Committee is that "Adequate housing for students is an important factor in providing educational opportunities for the citizens of the state...." Implied is a concern that rising costs of housing and transportation for commuting may be impairing access to postsecondary education opportunities. Should the State of Washington undertake some form of subsidy or other State policy to improve equity of access to adequate student housing at the public four-year institutions?

The alternative funding methods explored were limited to those selected as being most feasible for further examination. These include the following:

1. Provide an increment of State-funded student financial aid specifically intended to reduce the housing cost burden to students eligible for such aid on the basis of need and in the specific institution-community housing cost factors.

2. Modify the State funding formula for institutions of higher education to permit a higher portion of Student Services and Plant Operation and Maintenance costs for institutional student housing to be funded through State general fund appropriations rather than revenue-financed through rents charged to students. [This would be a major change in current State policy; 1981-83 budget recommendations call for full revenue-financing of housing operations, including Student Services Program 06, Group 7, for supervision and counseling in institutional housing.]

3. Extend State general obligation coverage to student housing bonds, as was done in 1977 and 1979 for tuition-financed capital improvement bonds (RCW 28B.14B, 1977, and RCW 28B.14D, 1979). For new housing bond issues this could reduce interest rates as much as two points in the current market. For existing bond issues, if they did not have to be refinanced, such State general obligation backup possibly could reduce the amounts that have to built into sinking fund reserves, possibly helping to moderate rental rates or improve the reserves for repair and replacement of existing housing.

4. Investigate the feasibility of pooling the housing finances of the six institutions toward the goal of creating greater statewide equity in student housing charges to compensate for local community and institutional variances and toward improving the potential for returns on invested reserves and reducing new issue interest costs through larger pooled resources. This alternative was examined to determine if it may be worth further study by the State and the Institutions.

5. For possible future improvements of new or refinanced housing bond issues, the feasibility of pooling the six institution housing finances may be examined. The current and anticipated bond market at much

higher interest rates and the legal requirements of existing bond issues probably preclude any advantage of pooled refinancing; but potential for new bond issue funding at lower interest through a pooled arrangement may be worthy of future investigation, especially if State general obligation coverage is extended to housing bonds as discussed in Alternative 4, above.

These alternatives were examined within the limits of this study.

1. Financial Aid

Except for the general observation that the inflation in student housing costs is part of the general increasing burden of the costs of full-time higher education, it is difficult to develop specific data on the extent to which housing costs are impairing access to education. The existing procedures for evaluating financial need as part of the processes of providing financial aid appears to be the best route for dealing with the question of adequate and equitable access to higher education opportunities.

The variances of average rental income per unit housing capacity and of charges to students for institutional housing indicate internal variations in costs and policies setting rental charges (Table 7). The highest, at Central Washington, reflects the extent to which its surplus of housing has affected operating costs. The fact that 40 per cent of the plant and support costs of the conference housing is carried by the student housing budget at Central undoubtedly has caused higher rental charges. Eastern, with the lowest rental income per unit capacity and the lowest board and room rates, also has the lowest debt service coverage ratio (Table 6).

For private off-campus housing, the rental rates in Seattle are far higher than those of Pullman. They also are relatively high in Olympia and Bellingham.

These differences in housing costs for students among the institutions and their localities, the MIRA consultants believe, are real cost differences, based on many variables of levels of service, budgeting recharge policies, and historical debt financing patterns. They can best be dealt with by allowing for differential housing costs in the student financial aid formulas rather than by pooling the financing of the six institutions with the objective of equalizing housing costs.

The student government leaders generally want a direct subsidy of their housing costs from State tax resources. They advocate State subsidy of construction costs, of bond financing costs, and of housing operating costs to reduce rental costs to them in institutional housing. With the rising costs and shortages of moderate rental private housing, the students advocate construction of institutional housing with State tax subsidies.

Given recent trends in the U.S. and in the State of Washington, the public policy is to subsidize the individual student through financial aid and through higher education loan programs. This has been preferred over subsidy of specific kinds of institutional costs. Increased funding of student financial aid may have a better chance of being adopted by the legislature. The general economic philosophy that has been prevailing in the pricing of

public services is that the prices should validly reflect true costs and that any subsidies should go to the user on the basis of financial need or future increased capacity to repay loans.

2. Budget Funding Formula

The existing CPE budget formula for Student Services, Group 7, administration and counseling services within student housing, would permit as valid full State subsidy of those costs. To the extent that the formula is only partially funded (with the prospect that this student services component may not be funded at all in the coming biennium), those costs must be borne by student rental charges.

On the assumption that institutional student housing is an integral part of the educational and individual personal development processes, the funding of student services by State general revenues is a traditional form of public support of colleges and universities. The Washington institutions, for the most part, have not budgeted State general funds to support student services in institutional housing, and under current budget pressure, prefer not to utilize this "subsidy."

A further form of State subsidy that might be considered, since in earlier times it was a common practice, would be to partially or wholly appropriate general funds for the plant maintenance and utility costs. Several states, in recent years during sharp jumps in utility costs, have at least allowed transitional public financing of utility costs to auxiliary services. However, this kind of subsidy does not have the same rationale as that of general funds for student services in institutional housing. This kind of subsidy is not recommended.

3. State General Obligation Coverage of Housing Bonds

Real advantages to the State and the public consumers of its public higher education programs are likely to be gained by extending the State's general obligation tax coverage to include housing revenue bonds. This was done in 1977 and 1979 when general obligation coverage was extended to tuition-financed capital improvement bonds. On new bond issues, this would mean as much as two points better interest rates, according to a MIRA advisor experienced in the bond market.

On existing bond issues, this could mean that the mandatory reserves for debt service coverage and for repair and replacement could be considerably reduced. This could mean some reduction in rental charges to students, at least for a few years to offset potential continuing inflation. This concept does involve complex legal and fiscal issues beyond the limited scope of this study. However, the evidence is sufficient for MIRA to recommend that a joint study of this policy option be conducted by the institutions and concerned State agencies.

4. Pooled Institutional Housing Management

At this stage, the variances among the six institutions and housing resources of communities in which they are located affirm the validity of the general State policy of leaving campus housing to be mainly an institutional matter.

No clear advantage to forming a State student housing agency or authority is evident. Any attempt to manage institutional housing operations on a Statewide basis to equalize housing costs among the institutions is likely to create overhead costs that would more than offset the gains.

5. Pooled Reserve Fund Treasury Management and Debt Service

The feasibility of greater interinstitutional pooling of housing finance probably merits further study. At least some investigation might be made of pooling the required reserves and debt service payments, both to gain higher interest return on reserves and to possibly reduce reserve requirements. Pooled treasury management staffed by professionally skilled investment advisors often can be a source of major gains in return on both short-term and longer-term investments.

For new bond issues, a significant improvement of interest costs might be possible through an interinstitutional pool providing coverage of all six public universities and college. The consortium, assuming appropriate legal status, say, as a public corporation, could be responsible for new issues, assessing allocated costs to institutional housing revenues. Further legal and technical study of this alternative appears worthy of recommendation to the Council and the institutions.

The principal observation of the consultant is that the State of Washington recognize that rising costs of student housing merits increased public funding of student financial aid and loan resources. At this point, the existing processes of allocating student financial aid and loan resources is the best vehicle for identifying real need to subsidize the costs of student housing.

The study also affirms the desirability of providing full State funding under the budget formula to Program 06 Student Services, Group 7 Resident Students Activities and Advisory Services as a basic part of the educational and personal development component of institutional housing.

The further study of extending State general obligation tax coverage to institutional housing and the pooling of institutional housing reserves and debt service funding is recommended. This appears on limited investigation in this study to be a potentially significant means of reducing debt service reserves and new interest costs that would help contain increases in housing charges to students.

It does appear desirable that a more explicit definition of State policy on student housing in the public four-year universities and college should be prepared. At this time, policy is implied that student housing is for institutional determination; that institutional housing shall be user revenue-financed; and that student services related to housing administration and counseling MAY be funded from State tax resources. The existing State and Federal subsidies of students according to financial need have not kept pace with inflation, especially the higher rates of housing inflation. A next step from this study is for the institutions, in consultation with their student governments, the Council, and other state agencies, to develop an explicit statement of understanding of the desired State policy on student housing.

APPENDIX B

Formal Comments

WAUS
Washington Association of University Students
Representing over 75,000 university students

January 19, 1981

TO: The Council on Post-Secondary Education

FROM: Washington Association of University Students

RE: Student Response to Draft Housing Study

This letter is a product of our analysis of the review draft (1/7/81) of the CPE's "Study of Student Housing in the Public Four-Year Universities and Colleges of the State of Washington," prepared by Thomas R. Mason of MIRA Incorporation, and of discussions with Mr. Mason by members of our Board of Directors.

Availability of affordable and safe shelter is a fundamental necessity for attaining higher education. As such, student housing is critical to providing equal access to education for all citizens of the state. The lack of priority which student housing has received is partially reflected in the inadequate funding of this study. Unfortunately, the limited budget and time frame did not allow for thorough and comprehensive analysis of the critical housing problems or the alternatives for their resolution. Despite commendable efforts by Mr. Mason, we are concerned that the incompleteness of this study does not render it a meaningful basis for the development of a state policy for student housing.

Our first concern is that the study does not provide a clear statement of the student housing problem(s) in Washington State. It expresses little understanding of the magnitude of the housing problems or their severity as compared with other institutions across the nation. Without comparative data representing national averages, it is quite difficult to place the data for the institutions in this state in the proper perspective.

Secondly, the data and written descriptions in this study depict the housing problems from an institutional or administrative perspective, without adequately recognizing the human element. Student housing plays a major role in determining the quality of education. Student incomes and the effects of financial aid shortfalls on the housing demand were not analyzed. The availability, affordability, safety, and living conditions of on and off-campus units were not evaluated. We gain no understanding of the ways housing shortages actually affect students.

Third, we are alarmed by some of the methodological assumptions. Part-time students were excluded from the study's data analysis. However, even part-time students have housing needs, and in fact may be attending school part-time in order to work and pay for

their housing. Also, enrollment projections may be underestimated, as evidenced by disparities between OFM projections and others. For example, the Evergreen Administration's enrollment projections are considerably higher than those made by OFM. Furthermore, throughout the study, there is no discussion of types of institutional student housing. The lack of differentiation between residence halls, student apartments, and low-income housing units could be problematic with the increasing percentage of students in the "over 30" age bracket. Is it assumed that residence halls will adequately house the nontraditional students?

While we feel that they do not go far enough, WAUS does generally support the policy alternatives recommended by the study. We do so with the reservations expressed below.

First, we are concerned about two policy alternatives which were not addressed: supply ratios and subsidization. As for the first omission, the level of supply of student housing is not even approached from a policy perspective. Supply could be addressed by recommending ratios of students to housing provided which could equal the national average for institutions with similar characteristics.

Secondly, and most importantly, we were disappointed to see the lack of analysis of state capital subsidization as a policy alternative. The absence of analysis of capital subsidy is a glaring omission, as the CPE's Request for Proposal specifically stated that one of the central questions of the study was to be "What alternative funding methods for student housing are indicated, including state subsidization?"

We enthusiastically support increased state contributions to financial aid. Such must be done in recognition of the increased burden of housing costs on student budgets. Current financial aid budgets for housing are often unrealistic. A more specific plan for financial aid supplements should be developed. Financial aid will not insure that students can find a place to live when housing supply in the private market is tight. Also, combined with inflation, the existing financial aid "need gap," and the high number of needy students, extensive amounts of aid would be required to make an impact on the housing problem.

WAUS also concurs with MIRA's second recommendation. Full state subsidy of the budget formula for Student Services, Group 7, administration and counseling services within student housing is a valid and minimal goal.

The third policy recommendation, "extending the state's general obligation tax coverage to include housing revenue bonds," could be meaningful if additional housing were planned. Given the current projections for addition to student housing supply, this recommendation may prove to be irrelevant. For example, the U. W.'s proposed West Campus Student Apartments would be at three percent interest rates, well below rates probable under this third recommendation.

In conclusion, on behalf of the state's public university students, WAUS urges the Council not to recommend a state policy on student housing on the basis of this study. We believe that such would be a mistake before there is a more thorough analysis of the broader policy alternatives discussed above.

UNIVERSITY OF WASHINGTON
SEATTLE, WASHINGTON 98105

Housing and Food Services

RECEIVED
FEB 23 1981

February 20, 1981

Tom Jons
Council for Postsecondary Education
908 East 5th Avenue
Olympia, Washington 98504

Dear Tom:

This is in response to the CPE's request for comment on the staff review of the Study of Student Housing. University of Washington representatives have had several discussions with Dr. Mason, who prepared the study, and formally commented on the two drafts (copies of comments attached).

The University concurs with the Council Staff's endorsement of Recommendations 1 and 2 contained in Dr. Mason's report, those regarding financial aid and extending the backup of State general obligation tax coverage to new revenue bond issues. We do not feel, however, that extending this coverage to existing issues will provide any financial advantage; most of these existing issues are at very low interest rates. The University of Washington also concurs with the Council Staff that, in light of the current fiscal situation, Recommendation 3, to fully fund the Housing component of the Student Services formula, is not a viable alternative.

I was present at the Council's Finance Committee meeting on February 4, 1981, during discussion of Dr. Mason's report and subsequent Council Staff recommendations. It appeared to me from that discussion that the members of the Finance Committee are opposed in principle to State subsidy of student housing, regardless of the State's fiscal condition. If this is indeed the Council's position, the University feels that it should be stated in an explicit policy recommendation.

Schmitz Hall, Room 301, 1400 N.E. Campus Parkway

Thank you for the opportunity to comment. If you need further clarification of the University of Washington's position on this matter, feel free to contact me.

Sincerely yours,

William M. Kingston
Director of Housing and Food Services

WMK/mss
Enclosures
cc: Ms. Connie Miller
Mr. J. F. Ryan
Mr. Alan K. Tarr